

<i>SERFF Tracking Number:</i>	<i>ERCB-125907209</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Westport Insurance Corporation</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>WIC-LCFSPPG-AR-08-04058-1-F</i>		
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1019 Professional Errors &amp; Omissions Liability</i>
<i>Product Name:</i>	<i>Professional Liability -Errors &amp; Omissions</i>		
<i>Project Name/Number:</i>	<i>Form Filing for Financial Sales Professionals Purchasing Group/WIC-LCFSPPG-AR-08-04058-1-F</i>		

## Filing at a Glance

Company: Westport Insurance Corporation

Product Name: Professional Liability -Errors & Omissions    SERFF Tr Num: ERCB-125907209    State: Arkansas

TOI: 17.1 Other Liability - Claims Made Only	SERFF Status: Closed	State Tr Num: EFT \$50
Sub-TOI: 17.1019 Professional Errors & Omissions Liability	Co Tr Num: WIC-LCFSPPG-AR-08-04058-1-F	Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Edith Roberts
	Author: Theresa Cox	Disposition Date: 12/18/2008
	Date Submitted: 11/17/2008	Disposition Status: Approved

Effective Date Requested (New): 01/01/2009

Effective Date Requested (Renewal): 01/01/2009

State Filing Description:

## General Information

Project Name: Form Filing for Financial Sales Professionals Purchasing Status of Filing in Domicile: Not Filed Group

Project Number: WIC-LCFSPPG-AR-08-04058-1-F

Reference Organization:

Reference Title:

Filing Status Changed: 12/18/2008

State Status Changed: 12/18/2008

Corresponding Filing Tracking Number: WIC-LCFSPPG-AR-08-04058-1-F

Filing Description:

Westport Insurance Corporation is filing its policy form and endorsements for the Financial Sales Professionals Purchasing Group pursuant to Arkansas' prior approval provisions. The Financial Sales Professionals Purchasing Group is domiciled in the state of California and is registered with the state of Arkansas.

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This policy will be issued to the Financial Sales Professionals Purchasing Group and is available only to its members. The Certificateholders are individual agents. The policy is a professional liability policy written on a claims made basis, covering both the insured agent (certificateholder) and the sponsoring entity (for the vicarious liability of its agents.)

Pursuant to 23-67-206(b) of the Arkansas Code, the rates applicable to these individual risks are exempt from the filing requirements.

Optional endorsements for coverage and the Arkansas state amendatory endorsement are included in this filing.

The form we are filing to be used by the Financial Sales Professionals Purchasing Group is similar to a form recently approved by your Department for the Swiss Re Purchasing Group for Insurance Agents under Arkansas Filing Number: AR-PC-07-026325

The Financial Sales Professionals Purchasing Group will be using the same applications previously approved under Arkansas Filing Number AR-PC-07-026325 .

There has been some tailoring of coverage for this Purchasing Group, as well as some optional endorsements which have been added to meet the needs of members of this purchasing group. Those changes are outlined below:

Policy Form SP 4 372 0908

On the first page and subsequent pages, where ever the Swiss Re Purchasing Group was mentioned, that name has been replaced with Financial Sales Professionals Purchasing Group.

DEFINITION C. - CLAIM as it appears on the first page now adds as clarification that a CLAIM also included a demand to arbitrate or enter into non-binding alternative dispute resolution or a request to enter into a tolling agreement.

DEFINITION G. - INSURED subparagraph 4., has been added to include business entities.

DEFINITION H. -INSURED AGENT has been changed in its description

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DEFINITION I. - LOSS does not exclude punitive damages or multiplied portions of damages although it does state that coverage will only extend to matters insurance by law so to the extent state law would not allow these items to be insured, the policy will comply.

DEFINITION O. - PROFESSIONAL SERVICES – has been expanded to include coverage for activities as a notary public or property and casualty agent b but only for Workers Compensation 24 hour coverage plan.

DEFINITION P. – RETROACTIVE DATE – has been clarified to add that the retroactive date will be the inception date of the first claims made life insurance agents policy maintained in force without interruption

DEFINITION S. - STRANGER OWNED LIFE INSURANCE – has been added

DEFINITION T. -WRONGFUL ACTS (3) has been added to add coverage for supervision management and training of people acting on behalf of the INSURED AGENT.

EXCLUSION M. – INSOLVENCY – Has been restricted and now excludes only insurers and reinsurers who at the time of placement were rated less than A.

EXCLUSION S. - STRUCTURED SETTLEMENTS – Has been added

EXCLUSION U. - VIATICALS AND STRANGER-OWNED LIFE INSURANCE –Has been added

XIV. OPTIONAL EXTENDED REPORTING PERIOD- Has been expanded to allow options of one and three years per schedule, but requires that the agent's license has not been revoked or suspended in order to purchase such

#### ENDORSEMENTS AND FORMS SUBMITTED WITH BASIC POLICY

Form SP 4 367 0908 CLAIMS EXPENSE WITHIN LIMITS OF LIABILITY - Brings claims expense within the limits of liability. This is a new endorsement that was not submitted with the Swiss Re Purchasing Group filing.

Form SP 4 368 0908 MUTUAL FUNDS EXTENSION FOR EACH INSURED AGENT – Provides coverage for the sale

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and financial planning around the sale of Mutual Funds. Similar to form SP 3 876 0707 approved with the Swiss Re Purchasing Group filing.

SP 4 369 0908- LIMITS OF LIABILITY AND RATE TABLES – Table outlining deductible and various premium options. Allows for two options depending on the limits selected. Similar to form SP 3 873 0707 approved under the Swiss Re Purchasing Group filing.

SP 4 370 0908 DECLARATIONS PAGE – Similar to form SP 3 955 0707 approved under the Swiss Re Purchasing Group filing. Includes a place for an aggregate limit to be listed if applicable

SP 4 371 0908 -SCHEDULE OF FORMS AND ENDORSEMENTS – Approved under the Swiss Re Purchasing Group filing.

SP 4 396 1008-STRUCTURED SETTLEMENTS OPTIONAL ENDORSEMENT – Narrows structured settlement exclusion. Allows the sale of products to fund the structure.

SP 4 397 1008- INSOLVENCY EXCLUSION AMENDMENT – Narrows the insolvency exclusion and allows coverage of claims from the sale of SPONSORING ENTITY PRODUCTS in the event of an errors and omissions claim arising out of the insolvency of the SPONSORING ENTITY if at the time of placement the SPONSORING ENTIRY was B+ or higher.

SP 4 398 1008-AMENDMENT TO EXTENDED REPORTING PERIOD – Extends automatic extended reporting for all insureds except those not paying premiums. For those not paying premiums, provides automatic Extended Reporting Period for SPONSORING ENTITY PRODUCTS. Also allows SPONSORING ENTITY to buy Extended Reporting Period on behalf of INSURED AGENT within 30 days of termination of the policy.

MF 4 420 1108 Amendatory Endorsement –Arkansas – This form is attached when SP 4 398 1008 is attached. It allows the INSURED AGENT to select up to a 5 year extended reporting period if the SPONSORING ENTITY selects a 3 year extended reporting period.

SP 4 412 1108 Amendatory Endorsement-Arkansas – Provides amendment to the policy to conform with Arkansas' regulatory requirements.

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## Company and Contact

### Filing Contact Information

Theresa Cox, Compliance Specialist theresa\_cox@swissre.com  
5200 Metcalf (800) 255-6931 [Phone]  
Overland Park, KS 66201

### Filing Company Information

Westport Insurance Corporation CoCode: 39845 State of Domicile: Missouri  
5200 Metcalf Group Code: 181 Company Type:  
Overland Park, KS 66201 Group Name: Swiss Re State ID Number:  
(800) 255-6931 ext. [Phone] FEIN Number: 48-0921045  
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## Filing Fees

Fee Required? Yes  
Fee Amount: \$50.00  
Retaliatory? No  
Fee Explanation: Filing fee for foms filing is \$50  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Westport Insurance Corporation	\$50.00	11/17/2008	23984975

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted			
Approved	Edith Roberts	12/18/2008	12/18/2008			
Objection Letters and Response Letters						
Objection Letters		Response Letters				
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending	Edith Roberts	12/11/2008	12/11/2008	Theresa Cox	12/18/2008	12/18/2008
Industry						
Response						

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## Disposition

Disposition Date: 12/18/2008

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Product Name: Professional Liability -Errors & Omissions  
Project Name/Number: Form Filing for Financial Sales Professionals Purchasing Group/WIC-LCFSPPG-AR-08-04058-1-F

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Rate Support	Approved	Yes
Form	Financial Sales Professionals Purchasing Group Policy Form	Approved	Yes
Form	Claims Expense Within Limits Of Liability Endorsement	Approved	Yes
Form	Mutual Funds Extension For Each Insured Agent	Approved	Yes
Form	Limits Of Liability And Rate Tables	Approved	Yes
Form	Declarations	Approved	Yes
Form	Schedule of Forms and Endorsements	Approved	Yes
Form	Amendment of Structured Settlements Provisions	Approved	Yes
Form	Insolvency Exclusion Amendment	Approved	Yes
Form (revised)	Amendment to Extended Reporting Period Endorsement	Approved	Yes
Form	Amendment to Extended Reporting Period Endorsement	Approved	Yes
Form (revised)	Amendatory Endorsement-Arkansas	Approved	Yes
Form	Amendatory Endorsement-Arkansas	Approved	Yes
Form	Amendatory Endorsement-Arkansas	Approved	Yes
Rate	Rate Schedule for Financial Sales Professionals Purchasing Group for Insurance Agents - Arkansas	Approved	Yes



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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 12/11/2008  
Submitted Date 12/11/2008  
Respond By Date  
Dear Theresa Cox,

This will acknowledge receipt of the captioned filing.

Pursuant to AR Code Anno 23-67-206, these rates are NOT exempt from filing. Professional Liability rates must be filed including all base rate, debit credits or other schedule. Any refer to company or individually rated risks must be filed with the Department as well on an individual basis.

Please also reference Form SP 4 372 0908, Page 12, B.2.b. and Form SP 4 398 1008, Page 1, A.1 and 2 - Arkansas does not allow that the insurer withhold either the basic or optional extended reporting periods for cancellation/termination due to non-payment of premium, or if deductibles, retentions or excess payments over the limit of liability reimbursements are owed. Also, if payment is received to purchase the optional extended reporting period, that payment must be applied to place the optional extended reporting period coverage into effect, rather than first applied to any monies owed on the terminating policy. (AR Code Anno. 23-79-306)

Please reference Form SP 4 398 1008 Page, 1, B.,1 and Form SP 4 412 1108, page 1, B., 2nd paragraph - The 30 day reference must be changed to 60 days to comply with the time specified in AR Code Annno. 23-79-306 (3).

Please feel free to contact me if you have questions.

Sincerely,  
Edith Roberts

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 12/18/2008  
Submitted Date 12/18/2008

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Dear Edith Roberts,

## Comments:

## Response 1

Comments: In response to your inquiry:

- 1) We have attached the rates to the rates tab and have attached the rate support to the supporting document tab .
- 2) We have amended the forms accordingly. I refer you back to form SP 4 412 1108 Arkansas Amendatory Endorsement which corrects the policy to conform with Arkansas law. Please see page 2 B2 of that form.

If you need any additional changes, please let me know.

Thank you.

## Changed Items:

### Supporting Document Schedule Item Changes

Satisfied -Name: Rate Support

Comment:

### Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Amendment to Extended Reporting Period Endorsement	SP 4 449 1208	1208	Endorsement/AmendmentNew /Conditions			0	SP 4 449 1208.pdf
<b>Previous Version</b>							
Amendment to Extended Reporting Period Endorsement	SP 4 398 1008	1008	Endorsement/AmendmentNew /Conditions			0	SP 4 398 1008.pdf
Amendatory Endorsement-Arkansas	MF 4 450 1208	1208	Endorsement/AmendmentNew /Conditions				MF 4 450 1208.pdf
<b>Previous Version</b>							
Amendatory	MF 4 420 1108	1108	Endorsement/AmendmentNew				MF 4 420

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<b><i>Endorsement-Arkansas 1108</i></b>	<b><i>/Conditions</i></b>		<b>1108.pdf</b>

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**Rate/Rule Schedule Item Changes**

Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing #
Rate Schedule for Financial Sales Professionals Purchasing Group for Insurance Agents - Arkansas	WIC- FSP PG AR (01/09)	New	

Sincerely,  
Theresa Cox

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Financial Sales Professionals Purchasing Group Policy Form	SP 4 372 0908	0908	Policy/CoveNew rage Form		0.00	SP 4 372 0908.pdf
Approved	Claims Expense Within Limits Of Liability Endorsement	SP 4 367 0908	0908	Endorseme New nt/Amendm ent/Condi ti ons		0.00	SP 4 367 0908.pdf
Approved	Mutual Funds Extension For Each Insured Agent	SP 4 368 0908	0908	Endorseme New nt/Amendm ent/Condi ti ons		0.00	SP 4 368 0908.pdf
Approved	Limits Of Liability And Rate Tables	SP 4 369 0908	0908	Declaration New s/Schedule		0.00	SP 4 369 0908.pdf
Approved	Declarations	SP 4 370 0908	0908	Declaration New s/Schedule		0.00	SP 4 370 0908.pdf
Approved	Schedule of Forms and Endorsements	SP 4 371 0908	0908	Declaration New s/Schedule		0.00	SP 4 371 0908.pdf
Approved	Amendment of Structured Settlements Provisions	SP 4 396 1008	1008	Endorseme New nt/Amendm ent/Condi ti ons		0.00	SP 4 396 1008.pdf
Approved	Insolvency Exclusion Amendment	SP 4 397 1008	1008	Endorseme New nt/Amendm ent/Condi ti ons		0.00	SP 4 397 1008.pdf
Approved	Amendment to Extended Reporting Period Endorsement	SP 4 449 1208	1208	Endorseme New nt/Amendm ent/Condi ti ons		0.00	SP 4 449 1208.pdf

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Approved	Amendatory	MF 4 450	1208	Endorseme New	MF 4 450
	Endorsement-	1208		nt/Amendm	1208.pdf
	Arkansas			ent/Condi	
				ons	
Approved	Amendatory	SP 4 412	1108	Endorseme New	SP 4 412
	Endorsement-	1108		nt/Amendm	1108.doc
	Arkansas			ent/Condi	
				ons	



Westport Insurance Corporation agrees with Financial Sales Professionals Purchasing Group, as follows:

Throughout this POLICY the words "you" and "your" refer to the INSURED AGENT. The words "we," "us," and "our" refer to the Westport Insurance Corporation. Other words and phrases that appear in capital letters have special meaning; refer to the Definitions section of this POLICY.

The captions of paragraphs used in this POLICY are inserted solely for the reader's convenience and are not to be construed as part of the POLICY.

## **I. INSURING AGREEMENT**

- A. We agree to pay on behalf of any INSURED such LOSS to which this POLICY applies, in excess of the applicable deductible and within the Limit of Liability shown on the CERTIFICATE sustained by any INSURED by reason of liability imposed by law for LOSS caused by any WRONGFUL ACTS committed by the INSURED AGENT, arising out of PROFESSIONAL SERVICES rendered to others, but only within the Limit of Liability elected by the INSURED AGENT as specified in the CERTIFICATE.
- B. We also agree to pay on behalf of the SPONSORING ENTITY, LOSS within the Limit of Liability shown on the CERTIFICATE, sustained by the SPONSORING ENTITY by reason of vicarious liability imposed by law for any WRONGFUL ACT of the INSURED AGENT if otherwise covered under Insuring Agreement, Section I., A.
- C. We also agree to pay CLAIM EXPENSES, to which the POLICY applies, in excess of any applicable deductible.

This POLICY applies to POTENTIAL CLAIMS and CLAIMS, first made against any INSURED and reported to us during the POLICY PERIOD arising out of a WRONGFUL ACT taking place on or after the RETROACTIVE DATE and within the coverage territory. This POLICY is issued to the Financial Sales Professionals Purchasing Group for the benefit of its INSURED AGENTS of the member SPONSORING ENTITY.

## **II. DEFINITIONS**

As respects such insurance as is afforded by this POLICY, the following definitions shall apply:

- A. **CERTIFICATE.** CERTIFICATE means the document issued to the INSURED AGENT as evidence of coverage under this POLICY as a member of the Financial Sales Professionals Purchasing Group.
- B. **CERTIFICATE PERIOD.** CERTIFICATE PERIOD means the period shown in the CERTIFICATE commencing with the date the INSURED AGENT obtained coverage under the current POLICY by paying the appropriate premium and ending with the termination of the INSURED AGENT'S CERTIFICATE. The CERTIFICATE PERIOD must be within the dates of the POLICY PERIOD shown on the Declarations.
- C. **CLAIM.** CLAIM or CLAIMS means:
  - 1. that an INSURED has received a summons, or any other notice of legal process;
  - 2. that an INSURED has received notice of any SUIT;
  - 3. that an INSURED has received notice of a written demand, or a written demand for money or services; or
  - 4. that an INSURED has received a request to provide a recorded statement or a statement under oath;



5. that an INSURED has received a demand to arbitrate or enter into any form of binding or non-binding alternative dispute resolution; or
6. that an INSURED has received a demand or request to enter into a tolling agreement.

**D. CLAIM EXPENSE.** CLAIM EXPENSE or CLAIM EXPENSES means:

1. all expense incurred in the defense of any CLAIM or POTENTIAL CLAIM made against any INSURED seeking damages for a WRONGFUL ACT even if a CLAIM or POTENTIAL CLAIM is groundless, false, fraudulent, or for an amount less than the deductible;
2. fees charged by any lawyer designated by us, or required by law to defend any INSURED'S interests;
3. all reasonable expenses incurred by any INSURED at our request while assisting us in the investigation and defense of any CLAIM other than loss of earnings;
4. if authorized by us, all other fees, costs, and expenses resulting from the investigation, adjustment, defense, or appeal of any CLAIM or POTENTIAL CLAIM, including but not limited to:
  - a. all costs taxed against any INSURED in any SUIT;
  - b. post judgment accrued interest on that portion of any judgment which does not exceed the applicable Limit of Liability. If we tender or pay a LOSS on any judgment up to our Limits of Liability, we have no further obligation to pay any additional interest; or
  - c. all premiums on bonds to release attachments and appeal bonds, limited to that portion of a bond which does not exceed the POLICY Limit of Liability. We will obtain the bond on behalf of any INSURED. Any INSURED shall reimburse us for the additional cost of the bond we obtain for any exposure in excess of our Limit of Liability.

CLAIMS EXPENSES shall not include salaries and expenses of any INSURED.

**E. ELECTRONIC DATA.** ELECTRONIC DATA means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including but not limited to systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**F. FRAUDULENT ENTITY.** FRAUDULENT ENTITY means an organization that does not have a legal identity or legal existence but which is represented to legally exist; or, a legally formed entity that is used as a device to commit fraud or other unlawful acts.

**G. INSURED.** The unqualified term INSURED means:

1. the SPONSORING ENTITY, but only as respects its vicarious liability arising out of any covered WRONGFUL ACTS committed by the INSURED AGENT;
2. any INSURED AGENT;
3. any corporation, limited liability company, partnership or business entity which engages in PROFESSIONAL SERVICES and which is either owned or controlled by the INSURED AGENT or in which the INSURED AGENT is an employee and then only with respect to the PROFESSIONAL SERVICES provided by the INSURED AGENT;

4. the directors, partners, officers or stockholders of any corporation, limited liability company, partnership or business entity which engages in PROFESSIONAL SERVICES and which is either owned or controlled by the INSURED AGENT or in which the INSURED AGENT is an employee and then only with respect to the PROFESSIONAL SERVICES provided by the INSURED;
5. any employee of the INSURED AGENT solely while acting on behalf of the INSURED AGENT within the scope of the employee's duties as such; however, such coverage does not include employees who are licensed by any insurance or other regulatory authority and who have ever sold or attempted to sell insurance or other financial products; or
6. the estate, heirs, executors, administrators of any INSURED AGENT in the event of the INSURED AGENT'S death, incapacity, insolvency or bankruptcy, but only to the extent that such INSURED AGENT would otherwise be provided coverage under this POLICY.

**H. INSURED AGENT.** INSURED AGENT means:

1. All Agents, General Agents or General Managers of the SPONSORING ENTITY provided that the agent:
  - a. has paid the per-agent premium as shown in the Declarations or attachments to be listed on the current roster of INSURED AGENTS or subject to inclusion on the next roster applicable to this POLICY PERIOD;
  - b. is a party to a valid contract with the SPONSORING ENTITY; and
  - c. is licensed by the appropriate authorities to solicit and sell products and/ or services made available by the SPONSORING ENTITY.
2. All Registered Representatives who are:
  - a. any of the persons described in Definition H.1. above;
  - b. licensed by the proper authorities to sell SECURITIES; and
  - c. appointed with a BROKER/DEALER which is approved by the Securities Exchange Commission.

The roster of INSURED AGENTS shall be prepared and maintained by the SPONSORING ENTITY as a means of certifying the number of agents covered by this POLICY.

- I. LOSS.** LOSS means the monetary and compensatory portion of any judgment, award or settlement, provided always that LOSS shall not include:
1. civil or criminal fines, penalties, fees or sanctions;
  2. matters deemed uninsurable by operation of law;
  3. the return by any INSURED of any commissions or remunerations paid to any INSURED;
  4. any form of non-monetary relief;
- J. PERSONAL INJURY.** PERSONAL INJURY means libel, slander, or invasion of privacy committed by the INSURED.
- K. POLICY.** POLICY means this agreement as shown on the Declarations Page, along with all endorsements issued by us to the SPONSORING ENTITY in reliance upon the statements made in the application and supplements.

- L. **POLICY PERIOD.** POLICY PERIOD means the period shown on the Declarations Page or the period noted in any endorsement hereto which amends the POLICY PERIOD as shown on the Declarations Page.
- M. **POLICYHOLDER.** POLICYHOLDER means Financial Sales Professionals Purchasing Group shown in the Declaration Page as holding the master policy.
- N. **POTENTIAL CLAIM.** POTENTIAL CLAIM means that an INSURED has become aware of a proceeding, event, or development that has resulted in or could in the future result in the institution of a CLAIM against an INSURED.
- O. **PROFESSIONAL SERVICES.** PROFESSIONAL SERVICES means services rendered to others as:
1. a licensed life and accident & health insurance agent, a licensed life and accident & health insurance general agent, or a licensed life and accident & health insurance broker or a licensed registered representative for purposes of the sale of variable insurance products; or
  2. a financial planner or consultant as respects the sales and servicing of the products listed as follows and for which the INSURED AGENT has a valid license:
    - a. Life Insurance Products;
    - b. Annuities;
    - c. Accident and Health Insurance Products (including Disability Income and Long-Term Disability);
  3. a notary public; or
  4. a property/casualty insurance agent, but only for Workers Compensation Insurance when issued as a part of a 24-hour coverage plan;
- while an Agent Agreement between an INSURED AGENT and the SPONSORING ENTITY is in effect.
- P. **RETROACTIVE DATE.** RETROACTIVE DATE means the date, as shown in the POLICY, CERTIFICATE or in any endorsement attached hereto, on or after which any WRONGFUL ACT must have occurred in order for CLAIMS arising therefrom to be covered under this POLICY or CERTIFICATE. CLAIMS arising from any WRONGFUL ACT occurring prior to the RETROACTIVE DATE are not covered by this POLICY. The RETROACTIVE DATE shall be the inception date of the first claims-made life insurance agents policy maintained in force without interruption. The INSURED AGENT will be required to provide documentary proof of uninterrupted coverage to establish the RETROACTIVE date for CLAIMS arising from a WRONGFUL ACT occurring prior to the effective date of this POLICY.
- Q. **SUIT.** SUIT means a civil proceeding, brought in the United States of America, its territories or possessions, or Canada, alleging LOSS against an INSURED for one or more WRONGFUL ACTS. SUIT includes arbitration or other alternative dispute resolution proceedings to which an INSURED must submit, or does submit with our consent, and in which LOSS is requested.
- R. **SPONSORING ENTITY.** SPONSORING ENTITY means the Entity shown on the Declaration Page of this POLICY.
- S. **STRANGER OWNED LIFE INSURANCE (STOLD).** Stranger owned life insurance means an arrangement where a life insurance policy is issued to an insured or an individual who has an insurable interest with the insured, with the resources to purchase the policy provided or guaranteed by a person or entity who has no insurable interest to the insured person and who has

the contractual right to repayment or other means of satisfaction of the debt such as obtaining control of the policy rights or benefits.

T. **WRONGFUL ACTS.** WRONGFUL ACT or WRONGFUL ACTS means:

1. any negligent act, error, or omission, of an INSURED AGENT or any person for whose acts an INSURED AGENT is legally liable in rendering PROFESSIONAL SERVICES for others;
2. any PERSONAL INJURY in rendering PROFESSIONAL SERVICES for others;
3. any actual or alleged failure of an INSURED AGENT to supervise, manage, or train any person acting on behalf of the INSURED AGENT in rendering PROFESSIONAL SERVICES.

### III. EXCLUSIONS

This POLICY shall not apply to:

A. **SPONSORING ENTITY ACTS.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from:

1. any act, error, or omission; or
2. any act of libel or slander or invasion of privacy

committed by the SPONSORING ENTITY.

For the purposes of this exclusion, any act of an individual acting within and as a part of their capacity as an employee, officer, trustee or director of the SPONSORING ENTITY shall be determined to be an act of the SPONSORING ENTITY;

B. **DISHONEST, CRIMINAL CONDUCT.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from or in connection with any dishonest, fraudulent, criminal or malicious act, or assault or battery committed by or contributed to by any INSURED;

C. **BODILY INJURY, PROPERTY DAMAGE.** Any CLAIM based upon, arising out of, attributable to, or directly or indirectly resulting from:

1. Bodily injury, sickness, disease, or death of any person; or
2. injury to, or destruction of any property, including the loss of use of the property;

D. **CONTRACTUAL LIABILITY.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with any liability assumed by any INSURED under contract, unless an INSURED would have been legally liable in the absence of such contract;

E. **BROKER/DEALER ORGANIZATION.** Any CLAIM brought against an INSURED by any broker/dealer organization or investment company as defined by the Securities Exchange Commission;

F. **ELECTRONIC DATA.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with:

1. the erasure, destruction, corruption, misappropriation, electronic misinterpretation of ELECTRONIC DATA;
2. any inability to gain access to, to receive, to transmit, or to use ELECTRONIC DATA, including any loss of use arising therefrom;

3. any computer virus;
  4. any unauthorized access to ELECTRONIC DATA or telephonic systems of any kind;
  5. malicious use of ELECTRONIC DATA or telephonic systems or any breach of any statute, or regulation regarding such;
- G. **EMPLOYER.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with:
1. any pension, profit sharing, health or welfare or other employee benefit plan or trust sponsored by an INSURED or INSURED AGENT as an employer;
  2. Any act, error, omission, or PERSONAL INJURY due to the employment relationship between the INSURED or INSURED AGENT and an employee, former employee or applicant for employment, arising out of, attributable to, directly or indirectly resulting from, or in connection with:
    - (a) Wrongful termination of the employment relationship between the INSURED or INSURED AGENT and an employee;
    - (b) Wrongful refusal to employ an applicant for employment;
    - (c) Wrongful failure to promote an employee;
    - (d) Wrongful demotion, evaluation, reassignment or discipline of your employee;
    - (e) Harassment, coercion, humiliation or discrimination as a consequence of an employee's race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, mental impairment, pregnancy, sexual orientation or preference, or any other protected class or characteristic established by any federal, state or local statutes, rules or regulations.
- H. **ERISA.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from or in connection with any pension plan, welfare plan or other benefit plan in which any INSURED is a participant, fiduciary, administrator, plan sponsor, or trustee as those terms are used in the Employment Retirement Income Security Act of 1974 (ERISA), the Pension Benefits Act and the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) including any amendments thereto, regulations or enabling statutes pursuant thereto, or any other similar regulation;
- I. **FIDUCIARY.** Any CLAIM based solely on an INSURED status as a named fiduciary or any CLAIM arising out of the management of an account for a client under an actual or implied agreement or which gives an INSURED discretion in buying or selling securities or other investments for such account under any power of attorney;
- J. **FRAUDULENT ENTITY.** Any CLAIM arising out of or in connection with any FRAUDULENT ENTITY;
- K. **FUNDS.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from or in connection with:
1. the payment or receipt of commissions or fees including but not limited to any which are contingent upon volume of business placed with an insurer;
  2. profit sharing or contingent commission with an insurer or pursuant to an insurer's incentive or marketing program;
  3. an INSURED'S taxes;

4. reimbursement or the failure to collect pay or return premium; or
  5. commingling of, or use of, client's funds;
- L. **INSURED VS. INSURED.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with disputes:
1. between INSUREDS under this POLICY;
  2. by an enterprise in which one or more INSUREDS has an equity interest, or operates, controls, or manages; or
  3. by an enterprise that has either an equity interest in an INSURED, or operates, controls, or manages or is affiliated with an INSURED;
- M. **INSOLVENCY.** The financial inability to pay, insolvency, receivership, bankruptcy, or liquidation of any insurance company, any Individual Practice Association, Health Maintenance Organization, Preferred Provider Organization, Dental Service Plan, Risk Retention Group, Risk Provider Group, self-insured plan or any pool, syndicate, association, or other combination formed for the purpose of providing insurance or reinsurance, or any healthcare provider or any reinsurer with which the insured directly placed the subject risk; however, this exclusion does not apply if, at the time the INSURED placed the subject risk with any of the above-described entities, such entity or entities were rated by A.M. Best as A- or higher.
- N. **MARKET VALUES.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with an INSURED promises or guarantees as to the effect of market fluctuations, interest rates, or dividends, with respect to future premium payments, market values, earnings, future values or payments or adequacy of investments;
- O. **OTHER SERVICES.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with an INSURED'S activities in rendering actuarial, accounting, legal or tax advising services, or services rendered as a property and casualty insurance agent or broker, other than for Workers Compensation when issued as part of a 24-hour coverage plan, or referral to those offering such excluded services;
- P. **PERSONAL PROFIT.** Any CLAIM based upon, arising out of, attributable to, or directly or indirectly resulting from or in connection with an INSURED having gained, in fact, any personal profit or advantage to which he or she was not legally entitled;
- Q. **PRIOR CLAIMS.** Any CLAIM based upon, arising out of, attributable to, or directly or indirectly resulting from or in connection with any WRONGFUL ACT occurring prior to the effective date of this POLICY, if an INSURED at the effective date knew of a CLAIM or a POTENTIAL CLAIM;
- R. **PERSONAL, PROPRIETARY OR CONFIDENTIAL INFORMATION.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with the misappropriation or unauthorized use of personal information or confidential information, or trade secrets or other proprietary information;
- S. **STRUCTURED SETTLEMENTS.** Any CLAIM arising out of the development, placement or sale of structured settlements.
- T. **THIRD-PARTY ADMINISTRATOR.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with third-party administrator activities, whether an INSURED performs such activities for a fee or no fee;
- U. **VIATICALS and STRANGER-OWNED LIFE INSURANCE.** The sale or servicing of investments in viaticated policies or of STRANGER-OWNED LIFE INSURANCE (STOLI).

- V. **WILLFUL VIOLATION OF STATUTES, RULES, AND REGULATIONS.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, a willful violation of any statute, rule or regulation of the National Association of Securities Dealers or the Securities Exchange Commission, or any other securities regulatory agency;
- W. **CLASS ACTION LITIGATION.** Any CLAIM or SUIT in which a court certifies a class action against the SPONSORING ENTITY or any of its subsidiaries or related entities. This exclusion shall also apply to any CLAIMS or SUITS in those provinces or jurisdictions that do not provide for a class action cause of action, if more than one CLAIM or SUIT is brought against the SPONSORING ENTITY and one or more INSURED AGENTS with such CLAIMS or SUITS alleging common conduct by the SPONSORING ENTITY or common conduct by the INSURED AGENTS directed or supervised by the SPONSORING ENTITY.

#### IV. **REPORTING AND NOTICE**

An INSURED'S duties in the event of CLAIM or any POTENTIAL CLAIM:

- A. An INSURED shall not, without our written consent, do any of the following:
1. Admit liability;
  2. Participate in any settlement discussions nor enter into any settlement;
  3. Demand or agree to arbitration of any CLAIM; or
  4. Incur any costs or expense.
- B. An INSURED shall:
1. provide written notice of any CLAIMS or POTENTIAL CLAIMS to us in writing during the CERTIFICATE PERIOD or Extended Reporting Period. If, during the CERTIFICATE PERIOD, an INSURED first becomes aware of a POTENTIAL CLAIM and gives written notice of such POTENTIAL CLAIM to us during the CERTIFICATE PERIOD, any CLAIMS subsequently made against an INSURED arising from the POTENTIAL CLAIM shall be considered to have been made during the CERTIFICATE PERIOD that an INSURED first became aware of such POTENTIAL CLAIM. If our position is prejudiced due to late notice by an INSURED, coverage under this POLICY is forfeited;
  2. provide copies of all documents we request;
  3. include within any notice of CLAIM or POTENTIAL CLAIM a description of the CLAIM or POTENTIAL CLAIM, the alleged WRONGFUL ACT(S), including the date(s) it was committed, a summary of the facts upon which the CLAIM or POTENTIAL CLAIM is based, the alleged or potential damage or LOSS that may result from the WRONGFUL ACT, the names of actual or potential claimants, the names of INSUREDS against whom the CLAIM was or may be made, and the date and circumstances by which any INSURED first became aware of the CLAIM, or POTENTIAL CLAIM.

Notice to us for reporting CLAIMS or POTENTIAL CLAIMS under the POLICY shall be given to:

Westport Insurance Corporation  
c/o Lancer Claims Services  
Professional Liability Department  
P.O. Box 7048  
Orange, CA 92863-7048

All other notices to us shall be given to our mailing address as shown on the Declarations Page.

All notices under the POLICY shall be in writing, shall comply with the time requirements as stated in the POLICY, and shall be given by confirmed facsimile, prepaid express courier, or Certified U.S. Mail, return receipt requested.

Except as provided in the Termination of Coverage Section any notice shall be effective on the date of our receipt at the above address.

## **V. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS**

As respects such insurance as is afforded by this POLICY, we shall:

- A. have the right and duty to defend, investigate and conduct any settlement negotiations arising from CLAIMS based upon alleged WRONGFUL ACTS of an INSURED. We have the right to select the attorney to represent and defend an INSURED for any such CLAIM.
- B. not settle any CLAIM without the INSURED'S consent. If we recommend a settlement to any INSURED that is acceptable to the claimant, and you do not agree with us and would rather contest the matter, our ultimate liability will be limited to the total of:
  - 1. the amount for which the CLAIM could have been settled at that time, plus
  - 2. the amount of CLAIM EXPENSE that was incurred up to the time we made the recommendation.

We shall not be obligated to pay any LOSS or defend, or continue to defend, any CLAIM after the Per Claim Limit of Liability shown on the CERTIFICATE has been exhausted by payment of LOSS or the deposit in a court having jurisdiction of sums exhausting the Per Claim Limit of Liability or Aggregate Limit of Liability.

INSUREDS shall cooperate with us and the attorney we retain to defend any INSUREDS, and, upon our request, provide statements and documents, attend hearings and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and assist in the conduct of SUITS.

## **VI. LIMITS OF LIABILITY**

- A. All Limits of Liability shall apply in excess of the Deductible. All amounts paid in satisfaction of CLAIMS or POTENTIAL CLAIMS are subject to the applicable Limit of Liability.
- B. All CLAIM EXPENSES shall be in addition to the applicable Per Claim Limit of Liability.
- C. Our liability for the combined total of all LOSS for a CLAIM shall not exceed the amount stated in the CERTIFICATE as Per Claim Limit of Liability.
- D. Our liability under the POLICY for the combined total of all LOSS for all CLAIMS and POTENTIAL CLAIMS shall not exceed the amount stated in the CERTIFICATE as the POLICY Aggregate Limit of Liability.
- E. One Limit of Liability shall apply to one CLAIM regardless of whether the CLAIM is reported both by you and by the SPONSORING ENTITY. In the event a CLAIM is reported both by you and by the SPONSORING ENTITY, the Limit of Liability shall be applied first to LOSS paid on your behalf and to the extent the Limit of Liability is not exhausted, to LOSS paid on behalf of the SPONSORING ENTITY, all subject to the Limit of Liability.



## **VII. MULTIPLE INSURED, CLAIMS, AND CLAIMANTS**

The inclusion of more than one INSURED in any CLAIM or the making of CLAIMS by more than one person or organization shall not increase the Limits of Liability or the Deductible. Two or more CLAIMS arising out of a single WRONGFUL ACT, or a series of related or continuing WRONGFUL ACTS, shall be a single CLAIM. All such CLAIMS, whenever made, shall be considered first made on the date on which the earliest CLAIM was first made arising out of such WRONGFUL ACT, as defined in the POLICY, and all such CLAIMS are subject to one Per Claim Limit of Liability and Deductible.

## **VIII. DEDUCTIBLE**

The INSURED AGENT shall be responsible for the Deductible indicated on the CERTIFICATE. The Deductible applies to LOSS and not CLAIM EXPENSES. The deductible applies to each CLAIM under the Insuring Agreement and any additional coverage extensions by endorsement. The INSURED AGENT shall make payment of the deductible within thirty (30) days of receipt of demand for payment by us.

## **IX. SUBROGATION**

If we pay any LOSS or CLAIM EXPENSE, we have subrogation rights of the INSURED against any person or organization. The INSURED shall execute all papers we require and shall do everything that may be necessary to preserve, secure, and pursue our rights, including the execution of such documents as may be necessary to enable us to bring SUIT in the name of the INSURED. All INSURED shall cooperate with us and do nothing to jeopardize, prejudice, or terminate such rights. We shall not exercise any subrogation rights against any INSURED, unless the CLAIM arises from any dishonest, fraudulent, or malicious act, error, or omission of such INSURED.

## **X. REIMBURSEMENT TO COMPANY**

If we have paid any amounts as LOSS in satisfaction of any CLAIMS in excess of the applicable Limit of Liability, or have paid LOSS within the amount of the applicable Deductible, the INSURED shall be liable to us for any and all such amounts and shall pay such amounts to us within 30 days of our demand.

## **XI. PREMIUMS**

Financial Sales Professionals Purchasing Group, through the SPONSORING ENTITY, will provide us with an affidavit of the number of rostered agents to be covered hereunder at the beginning of each POLICY PERIOD and each month thereafter. Agents enrolling between rosters will be covered as of their enrollment date provided the agent appears on the subsequent monthly roster as having paid premium.

The SPONSORING ENTITY may collect premiums for INSURED AGENTS and remit them to us. Premiums paid shall be paid by each INSURED AGENT and shall not be paid by the SPONSORING ENTITY from general funds or another source.

## **XII. ACQUISITIONS AND MERGERS**

In the event of any merger, consolidation, amalgamation or acquisition involving the SPONSORING ENTITY and any other insurance company or any material change in the SPONSORING ENTITY'S operations, the SPONSORING ENTITY shall notify us of such change within 90 days of the date of such change.

There will be no coverage for prior acts of the acquisition unless endorsed.

### **XIII. TERMINATION OF COVERAGE**

The POLICY shall terminate at the earliest of the following:

- A. upon the date the SPONSORING ENTITY surrenders the POLICY to us or our authorized representative or if the POLICY is terminated by mailing to us written notice the date within the notice stating when thereafter the cancellation may be effective. Any earned premium shall be computed in accordance with the customary short rate table and procedure;
- B. upon the effective date of cancellation stated in our written notice of cancellation, if the POLICY is terminated by us for any reason other than non-payment of the premium and the SPONSORING ENTITY on behalf of the POLICYHOLDER receives notice at least 60 days prior to the effective date of cancellation. Any earned premium will be computed pro rata;
- C. upon providing the SPONSORING ENTITY notice not less than ten (10) days prior to the effective date of cancellation, in the event of the SPONSORING ENTITY'S failure to pay premium;
- D. upon expiration of the POLICY PERIOD as set forth in the Declarations.

The CERTIFICATE shall terminate at the earliest of the following:

- E. upon removal from the roster of the INSURED AGENT for failure to pay premium;
- F. upon termination of the agency agreement with the SPONSORING ENTITY;
- G. upon expiration of the CERTIFICATE PERIOD as set forth in the Declarations.

### **XIV. EXTENDED REPORTING PERIOD**

#### **A. AUTOMATIC EXTENDED REPORTING PERIOD.**

- 1. If a CERTIFICATE is terminated by either the SPONSORING ENTITY or us, and if the INSURED AGENT has not obtained a replacement insurance policy, this POLICY shall continue to apply to CLAIMS and POTENTIAL CLAIMS first made against an INSURED and reported to us during the CERTIFICATE PERIOD arising out of WRONGFUL ACTS that occurred prior to the date of termination and taking place on or after the RETROACTIVE DATE. However, if termination occurs less than 60 days prior to the expiration of the POLICY PERIOD, and the INSURED AGENT has not obtained a replacement insurance policy, this POLICY shall continue to apply to CLAIMS and POTENTIAL CLAIMS first made against an INSURED during the CERTIFICATE PERIOD arising out of WRONGFUL ACTS that occurred prior to the date of termination and taking place on or after the RETROACTIVE DATE, and reported to us during the 60 days immediately following the date of termination.
- 2. For those INSURED AGENTS not subject to subsection A.1. above, if the SPONSORING ENTITY or we elect not to renew this POLICY or if we cancel this POLICY, and if the INSURED AGENT has not obtained a replacement insurance policy, this POLICY shall continue to apply to CLAIMS and POTENTIAL CLAIMS first made against an INSURED during the CERTIFICATE PERIOD arising out of WRONGFUL ACTS that occurred prior to the date of termination and taking place on or after the RETROACTIVE DATE, and reported to us during the 60 days immediately following the date of termination of the POLICY.

**B. OPTIONAL EXTENDED REPORTING PERIOD.**

1. If the SPONSORING ENTITY or we elect not to renew or cancel this POLICY, or elect not to renew or terminate coverage with respect to an INSURED AGENT, or if a CERTIFICATE is cancelled by either the SPONSORING ENTITY on behalf of the INSURED AGENT or us, the INSURED AGENT shall have the right to purchase an Extended Reporting Period by paying, within 60 days of the termination date, the premium per INSURED AGENT as listed in the schedule below. Such Extended Reporting Period will begin immediately following the date of termination and will cover CLAIMS first made against the INSURED and reported to us during the Extended Reporting Period arising from WRONGFUL ACTS taking place before the date of termination and on or after the RETROACTIVE DATE applicable to the expired or terminated POLICY or applicable CERTIFICATE.

**SCHEDULE:**

<b>Extended Reporting Period</b>	<b>Premium (the percent of the annual premium on the expiring Insured Agent's Certificate)</b>
1 year	100%
3 years	185%

Our Limit of Liability for any Extended Reporting Period shall be the Limit of Liability shown on the Insured Agent's Certificate and will be combined with and a continuation of the last CERTIFICATE PERIOD. This option to extend the reporting period does not extend the CERTIFICATE PERIOD. The entire premium for this option shall be deemed fully earned at the commencement of the Extended Reporting Period.

2. The INSURED AGENT shall only have the right to any Optional Extended Reporting Period, if:
  - a. The INSURED AGENT is rostered by the SPONSORING ENTITY as having paid all premium or deductible as due;
  - b. The INSURED AGENT has not failed, after demand, to reimburse us such amounts as we have paid in settlement of CLAIMS or in satisfaction of judgments in excess of the limit of liability or within the amount of the applicable deductible;
  - c. On termination of coverage, the INSURED AGENT'S license has not been suspended or revoked or the INSURED AGENT has not been prohibited by law to provide PROFESSIONAL SERVICES as defined in Section II, DEFINITIONS of this POLICY.

**XV. OTHER INSURANCE**

If there is other insurance applicable to a CLAIM covered by this POLICY, this POLICY shall be deemed excess insurance over and above the applicable Limits of Liability of all such other insurance unless such other insurance is specifically written as excess insurance over the Limits of Liability provided in the POLICY.

**XVI. ACTION AGAINST US**

No action shall lie against us unless, as a condition precedent thereto, all INSUREDS shall have fully complied with all the terms and conditions of this POLICY and not until the amount of all INSURED'S obligations to pay has been finally determined either by judgment against all INSUREDS after actual trial or by written agreement of you, the claimant, and us.

Nothing contained in the POLICY shall give any person or organization any right to join us as a co-defendant in any action against any INSURED to determine any insured's liability.

**XVII. APPLICABLE LAWS**

Any terms of the POLICY which are in conflict with any laws and regulations governing the POLICY are hereby amended to conform to such laws and regulations.

**XVIII. TERRITORY**

This POLICY applies to WRONGFUL ACTS that occur anywhere in the world, but an INSURED'S responsibility to pay LOSS must be determined through settlement or through suit brought in the United States, its territories or possessions, or Canada.

**XIX. WAIVER**

Our failure to insist on strict compliance with any of the terms, provisions, or conditions to coverage of this POLICY or the failure to exercise any right or privilege shall not operate or be construed as a waiver thereof or of any subsequent breach thereof or a waiver of any other terms, provisions, conditions, privileges, or rights.

**XX. LIBERALIZATION**

If, during the POLICY PERIOD we adopt revised provisions for this POLICY in order to afford, without additional premium, broader insurance to all INSUREDS of the types of professionals covered by this POLICY, such provision will apply to this POLICY effective the date the provision has been approved by the appropriate regulatory authority and such revision shall apply only to CLAIMS or POTENTIAL CLAIMS of which you first become aware, after the date of such approval.

**XXI. ENTIRE AGREEMENT**

By acceptance of this POLICY, all INSUREDS reaffirm as of the effective date of this POLICY that (a) the statements in the Declarations and most recent applications and all information communicated by INSUREDS to us are true and accurate and are all INSUREDS agreements and representations, (b) this POLICY is issued in reliance upon the truth and accuracy of such representations which are material to our issuance of this POLICY and (c) this POLICY embodies all agreements between all INSUREDS and us or any of our agents relating to this insurance.

**XXII. CHANGES**

No change or modification of this POLICY shall be effective except when made by a written endorsement to this POLICY which is signed by our authorized representative.

**XXIII. NO ASSIGNMENT**

Neither this POLICY nor any INSURED'S interest in this POLICY may be assigned without our written consent.

# ***Westport Insurance Corporation***

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CLAIMS EXPENSE WITHIN LIMITS OF LIABILITY ENDORSEMENT**

It is agreed and understood that the POLICY is amended to delete **Sections V. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS, IV. LIMITS OF LIABILITY, and Section X. REIMBURSEMENT TO COMPANY** and replaced with the following:

### **V. DEFENSE, INVESTIGATION AND SETTLEMENT OF CLAIMS**

As respects such insurance as is afforded by this POLICY, we shall:

- A. have the right and duty to defend, investigate and conduct any settlement negotiations arising from CLAIMS based upon alleged WRONGFUL ACTS of an INSURED. We have the right to select the attorney to represent and defend an INSURED for any such CLAIM.
- B. not settle any CLAIM without the INSURED'S consent. If we recommend a settlement to any INSURED that is acceptable to the claimant, and you do not agree with us and would rather contest the matter, our ultimate liability will be limited to the total of:
  - 1. the amount for which the CLAIM could have been settled at that time, plus
  - 2. the amount of CLAIM EXPENSE that was incurred up to the time we made the recommendation.

We shall not be obligated to pay any LOSS or CLAIMS EXPENSE or defend, or continue to defend, any CLAIM after the Per Claim Limit of Liability shown on the CERTIFICATE has been exhausted by payment of LOSS or CLAIMS EXPENSE or the deposit in a court having jurisdiction of sums exhausting the Per Claim Limit of Liability or Aggregate Limit of Liability.

INSUREDS shall cooperate with us and the attorney we retain to defend any INSUREDS, and, upon our request, provide statements and documents, attend hearings and trials and assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and in the conduct of SUITS.

### **VI. LIMITS OF LIABILITY**

- A. All Limits of Liability shall apply in excess of the Deductible. All amounts paid in satisfaction of CLAIMS or POTENTIAL CLAIMS and CLAIMS EXPENSE are subject to the applicable Limit of Liability.
- B. Our liability for the combined total of all LOSS and CLAIMS EXPENSE for a CLAIM shall not exceed the amount stated in the CERTIFICATE as Per Claim Limit of Liability.
- C. Our liability under the POLICY for the combined total of all LOSS for all CLAIMS and POTENTIAL CLAIMS and CLAIMS EXPENSE shall not exceed the amount stated in the CERTIFICATE as Policy Aggregate Limit of Liability.
- D. One Limit of Liability shall apply to one CLAIM regardless of whether the CLAIM is reported both by you and by the SPONSORING ENTITY. In the event a CLAIM is reported both by you and by the SPONSORING ENTITY, the Limit of Liability shall be applied first to LOSS and CLAIMS EXPENSE paid on your behalf and to the extent the Limit of Liability is not exhausted, to LOSS paid on behalf of the SPONSORING ENTITY, all subject to the Limit of Liability.

**X. REIMBURSEMENT TO COMPANY**

If we have paid any amounts as LOSS or CLAIMS EXPENSE in excess of the applicable Limit of Liability, or have paid any LOSS or CLAIMS EXPENSE within the amount of the applicable Deductible, the INSURED shall be liable to us for any and all such amounts and shall pay such amounts to us within 30 days of our demand.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective  
Named Insured

Policy No.

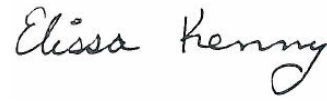
Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative



President



Secretary

# ***Westport Insurance Corporation***

## **MUTUAL FUNDS EXTENSION FOR EACH INSURED AGENT**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

Notwithstanding any provisions to the contrary for those INSURED AGENTS rostered as having paid an additional premium for this Mutual Funds Extension, this POLICY is hereby amended as follows:

I. **SECTION II., DEFINITIONS, O., PROFESSIONAL SERVICES**, of this POLICY is amended to read as follows:

**O. PROFESSIONAL SERVICES.** PROFESSIONAL SERVICES means services rendered to others as:

1. a licensed life and accident & health insurance agent, a licensed life and accident & health insurance general agent, or a licensed life and accident & health insurance broker or a licensed registered representative for purposes of the sale of variable insurance products and mutual funds; or
2. a MUTUAL FUNDS FINANCIAL PLANNER in connection with the sales and servicing the products listed as follows and for which an INSURED AGENT has a valid license:
  - a) Life Insurance Products
  - b) Annuities
  - c) Accident and Health Insurance Products (including Disability Income and Long-Term Disability)
  - d) Mutual Funds

while an Agent Agreement between an INSURED AGENT and the SPONSORING ENTITY is in effect.

II. As used in this endorsement:

1. **MUTUAL FUNDS FINANCIAL PLANNER.** MUTUAL FUNDS FINANCIAL PLANNER will mean any person who for compensation through sales and servicing of products covered by this endorsement:
  - a. provides advice regarding the client's current financial situation, financial goals and objectives; and
  - b. engages in the business of advising others, through a written plan document regarding investing in, purchasing, or selling products shown in Item 2 of the Professional Services definition as shown in Section I. of this endorsement.

III. The following exclusions apply only to the coverage provided by this endorsement and are in addition to the **EXCLUSIONS** section of this POLICY.

This POLICY does not apply to:

**INSOLVENCY.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with the insolvency, receivership, bankruptcy, liquidation, or financial inability to pay of any company, entity or investment vehicle in which any customer has invested.

**NON CUSTOMERS.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from, or in connection with the loss sustained or alleged to have been sustained by any person, firm or organization that is not either a customer of the INSURED AGENT or a customer's appointed administrator, executor, receiver or trustee in bankruptcy.

**INDEPENDENT FINANCIAL PLANNING.** Any CLAIM arising out of or in connection with providing a Financial Plan for a fee independent of the sale or servicing of any investment or life insurance products.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective  
Named Insured

Policy No.

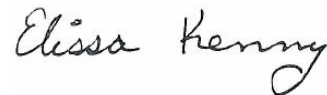
Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative



President



Secretary



# ***Westport Insurance Corporation***

## **LIMITS OF LIABILITY AND RATE TABLES**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

It is agreed that each INSURED AGENT shall elect from the Limits set out in the following schedule at the premium indicated:

Limits of Liability and Rate Tables:

### Option 1

Limit of Liability	Premium
\$ Per INSURED AGENT CERTIFICATE Each CLAIM	\$
\$ Per INSURED AGENT CERTIFICATE Each CERTIFICATE PERIOD	

### Option 2

Limit of Liability	Premium
\$ Per INSURED AGENT CERTIFICATE Each CLAIM	\$
\$ Per INSURED AGENT CERTIFICATE Each CERTIFICATE PERIOD	

Mandatory/Regulatory Endorsements inclusive of the above premium. The INSURED AGENT'S election shall be reflected in the CERTIFICATE.

Deductible:

Deductible "A" shall apply to each claim involving products of the SPONSORING LIFE COMPANY and any other company shown under "A."

Deductible "B" shall apply to each claim involving all other products and services.

Deductible "A": \$ 1,000

Deductible "A" applies for the following other Companies:

Deductible "B": \$ 2,500

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective  
Named Insured

Policy No.

Countersigned.

WESTPORT INSURANCE CORPORATION

*Facsimile signature to be  
inserted*

*Facsimile signature to be  
inserted*

\_\_\_\_\_  
Authorized Representative

President

Secretary

# ***Westport Insurance Corporation***

## **THE FINANCIAL SALES PROFESSIONALS PURCHASING GROUP**

### **COMPANY-SPONSORED PROFESSIONAL LIABILITY INSURANCE FOR INSURED AGENTS**

**Policy Number:**

#### **DECLARATIONS**

**NOTICE: THIS IS A CLAIMS-MADE AND REPORTED POLICY. EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, THIS COVERAGE IS LIMITED TO LIABILITY FOR ONLY THOSE CLAIMS WHICH ARE FIRST MADE AGAINST AN INSURED AND REPORTED TO THE COMPANY WHILE THE POLICY IS IN FORCE.**

A. The Financial Sales Professionals Purchasing Group

B. Sponsoring Entity: \_\_\_\_\_ on behalf of its qualifying INSURED AGENTS who have paid the required premium as shown in the Limits of Liability and Rates Endorsement

Address:

C. Policy Period: From: 12:01 A.M. To: 12:01 A.M.  
Local time at the address stated herein

D. Limits of Liability: \$ Per INSURED AGENT CERTIFICATE Each CLAIM  
\$ Per INSURED AGENT CERTIFICATE Each CERTIFICATE PERIOD

E. Policy Aggregate  
Limit of Liability: \$

F. Deductible: \$ Per INSURED AGENT CERTIFICATE Each CLAIM

G. Premium \$ Per INSURED AGENT CERTIFICATE

H. Retroactive Date:

The Declarations and the forms listed on the attached Schedule of Form(s) and Endorsement(s), together with the completed and signed application and supplements, shall constitute the POLICY between the Financial Sales Professionals Purchasing Group and the SPONSORING ENTITY.

Date: \_\_\_\_\_  
Authorized Representative

# ***Westport Insurance Corporation***

## **SCHEDULE OF FORMS AND ENDORSEMENTS**

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective  
Named Insured

Policy No.


Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative



President



Secretary

# ***Westport Insurance Corporation***

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT OF STRUCTURED SETTLEMENTS PROVISIONS**

Notwithstanding any provisions to the contrary, this POLICY is hereby amended as follows:

**SECTION III., EXCLUSIONS, S. STRUCTURED SETTLEMENTS**, of this POLICY is amended to read as follows:

**STRUCTURED SETTLEMENTS.** Any CLAIM arising out of the development, placement or sale of structured settlements. However, this exclusion shall not apply to the sale of products of the SPONSORING ENTITY for the purpose of funding the structure.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective  
Named Insured

Policy No.

Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative



President



Secretary

# ***Westport Insurance Corporation***

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **INSOLVENCY EXCLUSION AMENDMENT**

It is agreed that **SECTION III., EXCLUSIONS**, Item M. is deleted in its entirety and replaced with the following:

- M. **INSOLVENCY.** The financial inability to pay, insolvency, receivership, bankruptcy, or liquidation of any insurance company, any Individual Practice Association, Health Maintenance Organization, Preferred Provider Organization, Dental Service Plan, Risk Retention Group, Risk Provider Group, self-insured plan or any pool, syndicate, association, or other combination formed for the purpose of providing insurance or reinsurance, or any healthcare provider or any reinsurer with which the INSURED directly placed the subject risk; however, this exclusion does not apply if, at the time the INSURED placed the subject risk with any of the above-described entities, such entity or entities were rated by A.M. Best as A- or higher, or if with regard to products of the SPONSORING ENTITY only, such products were rated by A.M. Best as B+ or higher at the time of placement.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective  
Named Insured

Policy No.

Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative



President



Secretary

# ***Westport Insurance Corporation***

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT TO EXTENDED REPORTING PERIOD**

**Section XIV., EXTENDED REPORTING PERIOD, A.** is deleted in its entirety and replaced with the following:

**A. AUTOMATIC EXTENDED REPORTING PERIOD.**

1. If a CERTIFICATE or POLICY is terminated by either the SPONSORING ENTITY or us, and if the INSURED AGENT has not obtained a replacement insurance policy, this POLICY shall continue to apply to CLAIMS and POTENTIAL CLAIMS arising out of WRONGFUL ACTS that occurred prior to the date of termination, taking place on or after the RETROACTIVE DATE, and reported to us during the 12 months following the date of termination.
2. If a CERTIFICATE is terminated by either the SPONSORING ENTITY or us and if the agent has not obtained a replacement insurance policy, this POLICY shall continue to apply to CLAIMS and POTENTIAL CLAIMS arising out of WRONGFUL ACTS arising from the sale or servicing of products of the SPONSORING ENTITY that occurred prior to the date of termination, taking place on or after the RETROACTIVE DATE, and reported to us during the 12 months following the date of termination and the agent shall receive status as an INSURED AGENT during the Automatic Extended Reporting Period.

In the event both the CERTIFICATE and POLICY are terminated during the same POLICY PERIOD, only one Automatic Extended Reporting Period will apply beginning at the earliest date of termination and continuing for 12 months thereafter.

**Section XIV., EXTENDED REPORTING PERIOD, B.1.** is deleted in its entirety and replaced with the following:

**B. OPTIONAL EXTENDED REPORTING PERIOD.**

1. If the SPONSORING ENTITY or we elect not to renew or cancel this POLICY, or elect not to renew or terminate coverage with respect to an INSURED AGENT, or if a CERTIFICATE is cancelled by either the SPONSORING ENTITY on behalf of the INSURED AGENT or us, the INSURED AGENT may purchase an Extended Reporting Period by paying, within 60 days of the termination date, the premium per INSURED AGENT as listed in the schedule below.

In the event of POLICY non-renewal, the SPONSORING ENTITY shall have the right to pay on behalf of any INSURED AGENT whose CERTIFICATE terminates concurrently with the non-renewal of the POLICY, the premium per INSURED AGENT for a three-year Optional Extended Reporting Period, if such payment is received within 60 days of the termination date. If the SPONSORING ENTITY selects this option on behalf of the INSURED AGENT, no additional Optional Extended Reporting Period will be available to the INSURED AGENT.

Any Optional Extended Reporting Period will begin immediately following the end of the Automatic Extended Reporting Period and will cover CLAIMS first made against the INSURED and reported to us during the Extended Reporting Period arising from WRONGFUL ACTS taking place before the date of termination and on or after the RETROACTIVE DATE applicable to the expired or terminated POLICY or applicable CERTIFICATE.

SCHEDULE:

Extended Reporting Period	Premium (the percent of the annual premium on the expiring Insured Agent's Certificate)
1 year	100%
3 years	185%

Our limit of liability, any Extended Reporting Period shall be the Limit of Liability shown on the INSURED AGENT'S CERTIFICATE and will be combined with and a continuation of the last CERTIFICATE PERIOD. This option to extend the reporting period does not extend the CERTIFICATE PERIOD. The entire premium for this option shall be deemed fully earned at the commencement of the Extended Reporting Period.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)


Endorsement Effective  
Named Insured


Policy No.

Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative

  
President

  
Secretary

# ***Westport Insurance Corporation***

## **LIFE INSURANCE AGENTS AND BROKERS PROFESSIONAL LIABILITY**

***THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.***

### **AMENDATORY ENDORSEMENT - ARKANSAS**

**Section II., DEFINITIONS,** is amended to add the following definition:

**PUNITIVE DAMAGES.** PUNITIVE DAMAGES means damages that may be imposed to punish a wrongdoer and to deter others from similar conduct.

**Section III., EXCLUSIONS,** is amended to delete Exclusion W. and replace it with the following:

**W. COMMON CONDUCT.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from common conduct by the INSURED AGENTS with regard to sales or marketing directed by or supervised by the SPONSORING ENTITY.

**Section XIII., TERMINATION OF COVERAGE,** subsections A., B., C., and D. are deleted and replaced by the following:

#### **XIII. TERMINATION OF COVERAGE**

The SPONSORING ENTITY on behalf of the POLICYHOLDER may terminate this POLICY by surrender thereof to us or our authorized representatives or by mailing to us written notice stating when thereafter the cancellation may be effective.

During the first 60 days of coverage, this POLICY may be terminated by us by mailing to the SPONSORING ENTITY at the last mailing address known to us, written notice stating when not less than 60 days (10 days with regard to cancellation for nonpayment of premium) thereafter such termination shall be effective.

Other than for nonpayment of premium, insurance under this POLICY which has been in effect for sixty (60) days or more may be cancelled by us prior to the expiration of the POLICY PERIOD only for one of the following specified reasons:

1. Fraud or material misrepresentation made by the INSURED or with the INSURED'S knowledge in obtaining the POLICY, continuing the POLICY, or in presenting a CLAIM under the POLICY;
2. The occurrence of a material change in the risk which substantially increases any hazard insured against after the POLICY has been issued or renewed;
3. Non-payment of membership dues in those cases where the by-laws, agreements, or other legal instruments of the insurer issuing the POLICY require payment as a condition of the issuance and maintenance of the POLICY; or
4. A material violation of a material provision of the POLICY.

The mailing of notice to the SPONSORING ENTITY shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the POLICY PERIOD. A copy of all such notices shall be sent to the SPONSORING ENTITY or the SPONSORING ENTITY'S broker at the last mailing address known to us.



## NONRENEWAL

We reserve the right to decline renewal of this POLICY but agree to notify the SPONSORING ENTITY in writing at least 60 days in advance of the expiration date of this POLICY of our intent not to renew the POLICY, including a specific explanation of the reason(s). A copy of all such notices shall be sent to the SPONSORING ENTITY or the SPONSORING ENTITY'S broker at the last mailing address known to us.

### B. OPTIONAL EXTENDED REPORTING PERIOD.

1. If the SPONSORING ENTITY or we elect not to renew or cancel this POLICY, or elect not to renew or terminate coverage with respect to an INSURED AGENT, or if a CERTIFICATE is cancelled by either the SPONSORING ENTITY on behalf of the INSURED AGENT or us, the INSURED AGENT may purchase an Extended Reporting Period by paying, within 60 days of the termination date, the premium per INSURED AGENT as listed in the schedule below.

In the event of POLICY non-renewal, the SPONSORING ENTITY shall have the right to pay on behalf of any INSURED AGENT whose CERTIFICATE terminates concurrently with the non-renewal of the POLICY, the premium per INSURED AGENT for a three-year Optional Extended Reporting Period, if such payment is received within 60 days of the termination date. If the SPONSORING ENTITY selects this option on behalf of the INSURED AGENT, no additional Optional Extended Reporting Period will be available to the INSURED AGENT.

Any Optional Extended Reporting Period will begin immediately following the end of the Automatic Extended Reporting Period and will cover CLAIMS first made against the INSURED and reported to us during the Extended Reporting Period arising from WRONGFUL ACTS taking place before the date of termination and on or after the RETROACTIVE DATE applicable to the expired or terminated POLICY or applicable CERTIFICATE.

#### SCHEDULE:

<b>Extended Reporting Period</b>	<b>Premium (the percent of the annual premium on the expiring Insured Agent's Certificate)</b>
1 year	100%
3 years	185%

Our Limit of Liability for any Extended Reporting Period shall be the Limit of Liability shown on the Insured Agent's Certificate and will be combined with and a continuation of the last CERTIFICATE PERIOD. This option to extend the reporting period does not extend the CERTIFICATE PERIOD. The entire premium for this option shall be deemed fully earned at the commencement of the Extended Reporting Period.

2. The INSURED AGENT shall only have the right to any Optional Extended Reporting Period, if on termination of coverage, the INSURED AGENT'S license has not been suspended or revoked or the INSURED AGENT has not been prohibited by law to provide PROFESSIONAL SERVICES as defined in Section II, DEFINITIONS of this POLICY.

The following provision is added to this POLICY:

**XXIV. BANKRUPTCY OR INSOLVENCY**

It is agreed that the bankruptcy or insolvency of an INSURED or of an INSURED'S estate shall not relieve us of any of our obligation hereunder.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)

Endorsement Effective  
Named Insured

Policy No.

Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative



President



Secretary

<i>SERFF Tracking Number:</i>	<i>ERCB-125907209</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Westport Insurance Corporation</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>WIC-LCFSPPG-AR-08-04058-1-F</i>		
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1019 Professional Errors &amp; Omissions Liability</i>
<i>Product Name:</i>	<i>Professional Liability -Errors &amp; Omissions</i>		
<i>Project Name/Number:</i>	<i>Form Filing for Financial Sales Professionals Purchasing Group/WIC-LCFSPPG-AR-08-04058-1-F</i>		

Attachment "SP 4 412 1108.doc" is not a PDF document and cannot be reproduced here.

<i>SERFF Tracking Number:</i>	<i>ERCB-125907209</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Westport Insurance Corporation</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>WIC-LCFSPPG-AR-08-04058-1-F</i>		
<i>TOI:</i>	<i>17.1 Other Liability - Claims Made Only</i>	<i>Sub-TOI:</i>	<i>17.1019 Professional Errors &amp; Omissions Liability</i>
<i>Product Name:</i>	<i>Professional Liability -Errors &amp; Omissions</i>		
<i>Project Name/Number:</i>	<i>Form Filing for Financial Sales Professionals Purchasing Group/WIC-LCFSPPG-AR-08-04058-1-F</i>		

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: ERCB-125907209 State: Arkansas

Filing Company: Westport Insurance Corporation State Tracking Number: EFT \$50

Company Tracking Number: WIC-LCFSPPG-AR-08-04058-1-F

TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability

Product Name: Professional Liability -Errors & Omissions

Project Name/Number: Form Filing for Financial Sales Professionals Purchasing Group/WIC-LCFSPPG-AR-08-04058-1-F

## Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Approved	Rate Schedule for Financial Sales Professionals Purchasing Group for Insurance Agents - Arkansas	WIC- FSP PG AR (01/09)	New	WIC-FSP PG AR 0109.pdf

# WESTPORT INSURANCE CORPORATION

## Rate Schedule for Financial Sales Professionals Purchasing Group for Insurance Agents - Arkansas

- A. Applicable to: Agents of Insurance Company through the Financial Sales Professionals Purchasing Group
- B. Rate per Agent: \$640
- C. Scheduled Debit(s)/Credit(s). The maximum total percent of debits/credits is 40%. Discretionary pricing will be applied based on the following risk characteristics:

<u>Risk Characteristics</u>	<u>Max Debit</u>	<u>Max Credit</u>
Agent – Company relationship	20%	20%
Company Operations/Procedures	20%	20%
External Claims Handling	10%	0%

- D. Types of Products Underwritten

<b>Products Underwritten</b>	<b>Debit (Credit)</b>
Individual Life Insurance	35%
Group Life Insurance	15%
Individual A&H Insurance	-25%
Group A&H Insurance	-10%
Annuities	-20%
Disability Insurance	65%
Pensions	15%
Mutual Funds	15%
Other Financial Products	25%
Other	10%

- E. Experience Rating  
The maximum credit or debit will be 40%. The claim surcharge is based on the loss experience of all agents insured through the specific Life Company Program.

### Optional Coverages

	<b>Debit (Credit)</b>
Mutual Funds	\$100
Financial Products	\$200

- F. Increased Limit Factors

<b>Per Claim Limit / Aggregate</b>	<b>Factor</b>
\$1,000,000 / \$1,000,000	1.00
\$1,000,000 / \$2,000,000	1.03
\$2,000,000 / \$2,000,000	1.20
\$3,000,000 / \$3,000,000	1.35
\$4,000,000 / \$4,000,000	1.50
\$5,000,000 / \$5,000,000	1.65

1. Defense within the Limits of Liability. The following factor should be added to the Increased Limits Factor for Defense within the Limit of Liability:

<b>Limit</b>	<b>Factor</b>
All Limit Options	-.03

WESTPORT INSURANCE CORPORATION

Rate Schedule for Financial Sales Professionals Purchasing Group for Insurance Agents -  
Arkansas

- G. For Life Company Programs with an agency force of over 300, rates will be based on the experience and the unique exposure of the agents of the individual company. Please refer to underwriter.

SERFF Tracking Number: ERCB-125907209 State: Arkansas  
Filing Company: Westport Insurance Corporation State Tracking Number: EFT \$50  
Company Tracking Number: WIC-LCFSPPG-AR-08-04058-1-F  
TOI: 17.1 Other Liability - Claims Made Only Sub-TOI: 17.1019 Professional Errors & Omissions Liability  
Product Name: Professional Liability -Errors & Omissions  
Project Name/Number: Form Filing for Financial Sales Professionals Purchasing Group/WIC-LCFSPPG-AR-08-04058-1-F

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 12/18/2008  
**Comments:**  
**Attachment:**  
NAIC Transmittal.pdf

**Satisfied -Name:** Rate Support **Review Status:** Approved 12/18/2008  
**Comments:**  
**Attachment:**  
AR Rate Support.pdf



# Property & Casualty Transmittal Document


<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b>	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

<b>3. Group Name</b>	<b>Group NAIC #</b>
Swiss Reinsurance Group.	181

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Westport Insurance Corporation	MO	39845	48-0921045	

<b>5. Company Tracking Number</b>	WIC-LCFSPPG-AR-08-04058-1-F
-----------------------------------	-----------------------------

**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Theresa Cox 5200 Metcalf Overland Park, KS 66201	Compliance Specialist	800-255-6931, Ext 6181	913-676-6226	theresa_cox@swissre.com
7. Signature of authorized filer					
8. Please print name of authorized filer			Theresa Cox		

**Filing information** (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>	Other Liability Claims Made
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	Professional Errors & Omissions
<b>11. State Specific Product code(s) (if applicable)[See State Specific Requirements]</b>	
<b>12. Company Program Title</b> (Marketing title)	Risk Purchasing Group Coverage - Life & Accident & Health Agents
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14. Effective Date(s) Requested</b>	New: January 1, 2009      Renewal: New program
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16. Reference Organization</b> (if applicable)	
<b>17. Reference Organization # &amp; Title</b>	
<b>18. Company's Date of Filing</b>	November 17, 2008
<b>19. Status of filing in domicile</b>	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

**Property & Casualty Transmittal Document—**

<b>20.</b>	<b>This filing transmittal is part of Company Tracking #</b>	WIC-LCFSPPG-AR-08-04058-1-F
<b>21.</b>	<b>Filing Description</b>	[This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

Westport Insurance Corporation is filing its policy form and endorsements for the Financial Sales Professionals Purchasing Group pursuant to Arkansas' prior approval provisions. The Financial Sales Professionals Purchasing Group is domiciled in the state of California and is registered with the state of Arkansas.

This policy will be issued to the Financial Sales Professionals Purchasing Group and is available only to its members. The Certificateholders are individual agents. The policy is a professional liability policy written on a claims made basis, covering both the insured agent (certificateholder) and the sponsoring entity (for the vicarious liability of its agents.)

Pursuant to 23-67-206(b) of the Arkansas Code, the rates applicable to these individual risks are exempt from the filing requirements.

Optional endorsements for coverage and the Arkansas state amendatory endorsement are included in this filing.

The form we are filing to be used by the Financial Sales Professionals Purchasing Group is similar to a form recently approved by your Department for the Swiss Re Purchasing Group for Insurance Agents under Arkansas Filing Number: AR-PC-07-026325

The Financial Sales Professionals Purchasing Group will be using the same applications previously approved under Arkansas Filing Number AR-PC-07-026325 .

There has been some tailoring of coverage for this Purchasing Group, as well as some optional endorsements which have been added to meet the needs of members of this purchasing group. Those changes are outlined below:

Policy Form SP 4 372 0908

On the first page and subsequent pages, where ever the Swiss Re Purchasing Group was mentioned, that name has been replaced with Financial Sales Professionals Purchasing Group.

DEFINITION C. - CLAIM as it appears on the first page now adds as clarification that a CLAIM also included a demand to arbitrate or enter into non-binding alternative dispute resolution or a request to enter into a tolling agreement.

DEFINITION G. - INSURED subparagraph 4., has been added to include business entities.

DEFINITION H. -INSURED AGENT has been changed in its description

DEFINITION I. - LOSS does not exclude punitive damages or multiplied portions of damages although it does state that coverage will only extend to matters insurance by law so to the extent state law would not allow these items to be insured, the policy will comply.

DEFINITION O. - PROFESSIONAL SERVICES – has been expanded to include coverage for activities as a notary public or property and casualty agent b but only for Workers Compensation 24 hour coverage plan.

DEFINITION P. – RETROACTIVE DATE – has been clarified to add that the retroactive date will be the inception date of the first claims made life insurance agents policy maintained in force without interruption

DEFINITION S. - STRANGER OWNED LIFE INSURANCE – has been added

DEFINITION T. -WRONGFUL ACTS (3) has been added to add coverage for supervision management and training of people acting on behalf of the INSURED AGENT.

EXCLUSION M. – INSOLVENCY – Has been restricted and now excludes only insurers and reinsurers who at the time of placement were rated less than A.

EXCLUSION S. - STRUCTURED SETTLEMENTS – Has been added

EXCLUSION U. - VIATICALS AND STRANGER-OWNED LIFE INSURANCE –Has been added

XIV. OPTIONAL EXTENDED REPORTING PERIOD- Has been expanded to allow options of one and three years per schedule, but requires that the agent's license has not been revoked or suspended in order to purchase such

#### ENDORSEMENTS AND FORMS SUBMITTED WITH BASIC POLICY

Form SP 4 367 0908 CLAIMS EXPENSE WITHIN LIMITS OF LIABILITY - Brings claims expense within the limits of liability. This is a new endorsement that was not submitted with the Swiss Re Purchasing Group filing.

Form SP 4 368 0908 MUTUAL FUNDS EXTENSION FOR EACH INSURED AGENT – Provides coverage for the sale and financial planning around the sale of Mutual Funds. Similar to form SP 3 876 0707 approved with the Swiss Re Purchasing Group filing.

SP 4 369 0908- LIMITS OF LIABILITY AND RATE TABLES – Table outlining deductible and various premium options. Allows for two options depending on the limits selected. Similar to form SP 3 873 0707 approved under the Swiss Re Purchasing Group filing.

SP 4 370 0908 DECLARATIONS PAGE – Similar to form SP 3 955 0707 approved under the Swiss Re Purchasing Group filing. Includes a place for an aggregate limit to be listed if applicable

SP 4 371 0908 -SCHEDULE OF FORMS AND ENDORSEMENTS – Approved under the Swiss Re Purchasing Group filing.

SP 4 396 1008-STRUCTURED SETTLEMENTS OPTIONAL ENDORSEMENT – Narrows structured settlement exclusion. Allows the sale of products to fund the structure.

SP 4 397 1008- INSOLVENCY EXCLUSION AMENDMENT – Narrows the insolvency exclusion and allows coverage of claims from the sale of SPONSORING ENTITY PRODUCTS in the event of an errors and omissions claim arising out of the insolvency of the SPONSORING ENTITY if at the time of placement the SPONSORING ENTITY was B+ or higher.

SP 4 398 1008-AMENDMENT TO EXTENDED REPORTING PERIOD – Extends automatic extended reporting for all insureds except those not paying premiums. For those not paying premiums, provides automatic Extended Reporting Period for SPONSORING ENTITY PRODUCTS. Also allows SPONSORING ENTITY to buy Extended Reporting Period on behalf of INSURED AGENT within 30 days of termination of the policy.

MF 4 420 1108 Amendatory Endorsement –Arkansas – This form is attached when SP 4 398 1008 is attached. It allows the INSURED AGENT to select up to a 5 year extended reporting period if the SPONSORING ENTITY selects a 3 year extended reporting period.

SP 4 412 1108 Amendatory Endorsement-Arkansas – Provides amendment to the policy to conform with Arkansas' regulatory requirements.

[illegible]

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)  
 (Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>		WIC-LCFSPPG-AR-08-04058-1-F		
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)				
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement Or withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	Financial Sales Professionals Purchasing Group Policy Form	SP 4 372 0908	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Claims Expense Within Limits Of Liability Endorsement	SP 4 367 0908	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Mutual Funds Extension for Each Insured Agent	SP 4 368 0908	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Limits Of Liability And Rate Tables	SP 4 369 0908	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Declarations	SP 4 370 0908	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Schedule of Forms and Endorsements	SP 4 371 0908	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	Amendment of Structured Settlements Provisions	SP 4 396 1008	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08	Insolvency Exclusion Amendment	SP 4 397 1008	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09	Amendment to Extended Reporting Period Endorsement	SP 4 398 1008	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10	Amendatory Endorsement- Arkansas	MF 4 420 1108	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
11	Amendatory Endorsement- Arkansas	SP 4 412 1108	<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
12			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
13			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

**(Do not refer to the body of the filing for the component/exhibit listing.)**

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>			N/A
<b>2.</b>	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)			
<input type="checkbox"/>	Rate Increase	<input type="checkbox"/>	Rate Decrease	<input type="checkbox"/> Rate Neutral (0%)
<b>3.</b>	<b>Overall percentage rate impact for this filing</b>			
<b>4.</b>	<b>Effect of Rate Filing – Written premium change for this program</b>			
<b>5.</b>	<b>Effect of Rate Filing – Number of policyholders</b>			
<b>6.</b>	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>			
<b>7.</b>	<b>Rate Change by Company</b>			
	<b>Company Name</b>	<b>Percentage Change</b>	<b>Effect of Rate Filing</b>	
			<b># of policyholders for this program</b>	<b>Written premium change for this program</b>
<b>8.</b>	<b>Overall percentage of last rate revision</b>			This is Initial Filing
<b>9.</b>	<b>Effective Date of last rate revision</b>			
<b>10.</b>	<b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b>			
<b>11.</b>	<b>Exhibit Name/Description /Synopsis</b>	<b>Rule # or Page #</b>	<b>Replacement or Withdrawn?</b>	<b>Previous state filing number, if required by state</b>
01			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
02			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
03			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
04			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	

**Exhibit 1****Westport Insurance Corporation  
Arkansas Financial Sales Professionals Rate Support**

(1) Average US P&C Agent Countrywide GAP rate (for 3,000,000 to 4,000,000 GAP range)	\$1.64
(2) Arkansas Agent GAP rate (for 3,000,000 to 4,000,000 GAP range)	\$1.28
(3) Arkansas Agents E&O Rate relativity = (2) / (1)	0.78
(4) Average Life Company Rate per Agent (\$1,000,000 / \$1,000,000 limits)	\$664
(5) Historical Experience Indicated Countrywide Rate (\$1,000,000 / \$1,000,000 limits)	\$772
(6) Selected Countrywide Rate = average of (4) and (5)	\$718
(7) Selected Arkansas Relativity	0.89
(8) Selected Arkansas Life Company Agent Rate = (6) X (7)	\$640

## Exhibit 2

**Westport Insurance Corporation**  
**Life Company Experience**  
**As of 6/30/2008**  
**All Values in (000's)**

	(1)	(2)	(3)	(4)	(5)
	Method #1				
Report	Estimated	4.1%	2008	Agent	Loss
Year	Ultimate	Loss	Ultimate	Counts	Cost
	Loss	Trend	Loss		
2003	5,137,990	1.223	6,281,262	8,990	699
2004	2,139,121	1.174	2,512,107	9,308	270
2005	2,903,066	1.128	3,274,983	8,617	380
2006	2,678,723	1.084	2,902,881	7,277	399
2007	2,066,785	1.041	2,151,523	6,953	309
2003-2007	14,925,684		17,122,757	41,145	416
Permissible Loss Ratio					53.9%
Indicated Rate					772



**Westport Insurance Corporation (NAIC # 39845)**  
**Other Liability**

	2002		2003		2004		2005		2006		Total		
	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	Selected
Direct Written Premium	221,966		277,496		312,744		292,551		278,707		1,383,464		
Direct Earned Premium	215,215	100.0%	251,834	100.0%	296,596	100.0%	302,246	100.0%	283,143	100.0%	1,349,034	100.0%	
Incurred Loss & ALAE	253,195	117.6%	202,072	80.2%	261,692	88.2%	401,031	132.7%	137,755	48.7%	1,255,745	93.1%	
ULAE	6,717	2.7%	2,223	1.1%	8,272	3.2%	11,808	2.9%	6,012	4.4%	35,032	2.8%	
Commissions	39,629	17.9%	48,625	17.5%	53,293	17.0%	53,373	18.2%	51,765	18.6%	246,685	17.8%	19.5%
Other Acquisition Expense	7,748	3.6%	10,870	4.3%	16,281	5.5%	19,786	6.5%	27,548	9.7%	82,233	6.1%	9.2%
General Expense	6,834	3.2%	7,920	3.1%	7,649	2.6%	6,596	2.2%	6,186	2.2%	35,185	2.6%	7.0%
Taxes, Licenses & Fees	5,236	2.4%	6,203	2.2%	7,198	2.3%	9,451	3.2%	7,537	2.7%	35,625	2.6%	2.5%

**Total Expense Provision: 38.2%**

**Profit & Contingencies: 7.9%**

**Industry Wide**  
**Other Liability**

	2002		2003		2004		2005		2006		Total		
	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	(000's) \$	% of Premium	
Direct Written Premium	41,356,966		49,938,238		52,483,590		54,067,434		55,673,538		#####		
Direct Earned Premium	36,804,324	100.0%	45,780,768	100.0%	50,641,580	100.0%	52,968,970	100.0%	53,851,693	100.0%	#####	100.0%	
Incurred Loss & ALAE	38,785,333	105.4%	40,281,626	88.0%	45,068,609	89.0%	42,592,793	80.4%	35,327,523	65.6%	#####	84.2%	
ULAE	1,551,333	4.0%	1,884,478	4.7%	1,956,826	4.3%	2,186,960	5.1%	2,161,096	6.1%	9,740,693	4.8%	
Commissions	5,385,433	13.0%	6,403,526	12.8%	6,823,130	13.0%	6,800,589	12.6%	6,976,776	12.5%	32,389,454	12.8%	
Other Acquisition Expense	1,736,041	4.7%	1,828,421	4.0%	2,170,705	4.3%	2,311,439	4.4%	2,485,201	4.6%	10,531,807	4.4%	
General Expense	1,670,678	4.5%	1,845,929	4.0%	2,134,769	4.2%	2,308,019	4.4%	2,306,235	4.3%	10,265,630	4.3%	
Taxes, Licenses & Fees	759,176	1.8%	874,713	1.8%	1,086,748	2.1%	945,765	1.7%	1,010,044	1.8%	4,676,446	1.8%	

**ULAE to Loss & ALAE Ratio: 3.8%**

## Notes:

1. The 3.8% ULAE to Loss Ratio is the average of the Industry and Westport Insurance Corporation.
2. Westport Insurance Corporation Data taken from Line 17 of the Insurance Expense Exhibit.

**Westport Insurance Corporation**  
**Investment Income Exhibit**  
**Other Liability**

Underwriting Tax Rate:	35.0%
Invst Income Tax Rate:	23.4%
Invst Income Return:	4.0%
Reserve Discount Rate:	4.0%
Initial Prem/Surplus:	1.30
Variable (EP) Expense Ratio:	38.2%
Fixed (WP) Expense Ratio:	0.0%
Target Loss Ratio:	52.0%
ALAE to Loss Ratio:	0.0%
ULAE to Loss & ALAE Ratio:	3.8%
Premium Payments:	1 (1 or 12 only)
Loss & LAE Ratio:	53.9%
Combined Ratio:	92.1%
Underwriting Profit Margin:	7.9%
ROE:	15.0%
PVROP:	10.0%

<b>PATTERNS</b>	<u>Time</u>	<u>Premium Payments</u>	<u>Unearned Premium</u>	<u>Payout Pattern</u>	<u>Cumulative Paid</u>
	0.00				
	1.00	100	-	6.14%	6.1%
	2.00	-	-	21.55%	27.7%
	3.00	-	-	26.10%	53.8%
	4.00	-	-	19.26%	73.1%
	5.00	-	-	9.73%	82.8%
	6.00	-	-	5.25%	88.0%
	7.00	-	-	3.21%	91.2%
	8.00	-	-	1.70%	92.9%
	9.00	-	-	1.58%	94.5%
	10.00	-	-	1.27%	95.8%
	11.00	-	-	1.20%	97.0%
	12.00	-	-	0.95%	97.9%
	13.00	-	-	0.78%	98.7%
	14.00	-	-	0.58%	99.3%
	15.00	-	-	0.40%	99.7%
	16.00	-	-	<u>0.30%</u>	100.0%
				100.00%	
	Duration			3.51	

Note:

1. The payout pattern is based upon the combination of company and industry payout patterns.

Westport Insurance Corporation  
Investment Income Exhibit - Other Liability

Total return from Insurance Transactions and Surplus												
	1	2	3	4	5	6	7	8	9	10	11	12
	Premium	Earned Premium	Variable Expenses	Fixed Expenses	Loss Payments	ALAE Payments	ULAE Payments	Loss & LAE Reserve	Underwriting Profit/Loss	Discount Factors	Discounted Loss & LAE Reserve	Change in Discounted Reserve
0				-					-			
1	100.00	100.00	38.20	-	3.19	-	1.05	49.70	7.86	0.9044	44.95	
2	-	-	-	-	11.20	-	0.21	38.29	-	0.9165	35.09	1.55
3	-	-	-	-	13.56	-	0.26	24.47	-	0.9149	22.39	1.12
4	-	-	-	-	10.01	-	0.19	14.27	-	0.9022	12.87	0.68
5	-	-	-	-	5.06	-	0.10	9.12	(0.00)	0.8916	8.13	0.41
6	-	-	-	-	2.73	-	0.05	6.34	0.00	0.8861	5.62	0.27
7	-	-	-	-	1.67	-	0.03	4.64	0.00	0.8850	4.11	0.19
8	-	-	-	-	0.88	-	0.02	3.74	0.00	0.8960	3.35	0.14
9	-	-	-	-	0.82	-	0.02	2.90	0.00	0.9060	2.63	0.12
10	-	-	-	-	0.66	-	0.01	2.23	(0.00)	0.9183	2.05	0.09
11	-	-	-	-	0.62	-	0.01	1.59	(0.00)	0.9287	1.48	0.07
12	-	-	-	-	0.49	-	0.01	1.09	(0.00)	0.9405	1.03	0.05
13	-	-	-	-	0.41	-	0.01	0.68	(0.00)	0.9520	0.65	0.03
14	-	-	-	-	0.30	-	0.01	0.37	(0.00)	0.9648	0.36	0.02
15	-	-	-	-	0.21	-	0.00	0.16	0.00	0.9808	0.16	0.01
16	-	-	-	-	0.16	-	0.00	-	0.00	0.9808	-	0.00
	100.00	100.00	38.20	-	51.96	-	1.97		7.86			4.75

Total return from Insurance Transactions and Surplus											
	13	14	15	16	17	18	19	20	21	22	23
Time	Taxable Underwriting Profit/Loss	Tax on Und Profit	Und Profit Net of Tax	Requirement for Next Yr	Beginning Funds	Ending Funds	Investable Funds	Invst Income	Tax on Invst Income	Net Invst Income	Flows
0	-	-	-	76.92		76.92					(76.92)
1	12.61	4.41	3.45	0.00	138.72	134.48	136.60	5.40	1.26	4.13	84.50
2	(1.55)	(0.54)	0.54	0.00	49.70	38.29	43.99	1.74	0.41	1.33	1.87
3	(1.12)	(0.39)	0.39	0.00	38.29	24.47	31.38	1.24	0.29	0.95	1.34
4	(0.68)	(0.24)	0.24	0.00	24.47	14.27	19.37	0.77	0.18	0.59	0.83
5	(0.41)	(0.14)	0.14	0.00	14.27	9.12	11.69	0.46	0.11	0.35	0.50
6	(0.27)	(0.09)	0.09	0.00	9.12	6.34	7.73	0.31	0.07	0.23	0.33
7	(0.19)	(0.07)	0.07	0.00	6.34	4.64	5.49	0.22	0.05	0.17	0.23
8	(0.14)	(0.05)	0.05	0.00	4.64	3.74	4.19	0.17	0.04	0.13	0.18
9	(0.12)	(0.04)	0.04	0.00	3.74	2.90	3.32	0.13	0.03	0.10	0.14
10	(0.09)	(0.03)	0.03	0.00	2.90	2.23	2.57	0.10	0.02	0.08	0.11
11	(0.07)	(0.02)	0.02	0.00	2.23	1.59	1.91	0.08	0.02	0.06	0.08
12	(0.05)	(0.02)	0.02	0.00	1.59	1.09	1.34	0.05	0.01	0.04	0.06
13	(0.03)	(0.01)	0.01	0.00	1.09	0.68	0.88	0.03	0.01	0.03	0.04
14	(0.02)	(0.01)	0.01	0.00	0.68	0.37	0.52	0.02	0.00	0.02	0.02
15	(0.01)	(0.00)	0.00	0.00	0.37	0.16	0.26	0.01	0.00	0.01	0.01
16	(0.00)	(0.00)	0.00	-	0.16	0.00	0.08	0.00	0.00	0.00	0.00
	7.86	2.75	5.11					10.72	2.51	8.21	13.32
									Return on Surplus		15.0%

- 1 Not actual written premium, used to reflect premium payment pattern.  
2 Total(1) - Cumulative(2)  
3 (2) \* Variable Expense Ratio of 38.2%  
4 Total(1) \* Fixed Expense Ratio of 0%  
5 Total(1) \* Expected Loss Ratio of 52% \* Payout Pattern  
6 (5) \* ALAE/Loss Ratio of 0%  
7 time 1 formula is: [(5) + (6)] \* ULAE\*1/2 + ULAE\*1/2\*ELR\*(1+ALAE to LR)\*(1)  
time 2-16 formula is: [(5)+(6)]\*ULAE\*1/2  
8 Total(5) + Total(6) + Total(7) - sum[columns (5)+(6)+(7)]  
9 (2) - (3) - (4) - [(5) - (6) - (7) - (8)] - (8prior)  
10 Discounted Payout Pattern  
11 (8) \* (10)  
12 (5) + (6) + (7) + (11) - (11prior)

- 13 time 1 formula is: (2) - (3) - (4) - (5)- (6)- (7)- (11)  
time 2-16 formula is: (2) - (3) - (4) - (12)  
14 (13) \* Underwriting Tax Rate of 35%  
15 (9) - (14)  
16 Reserve/ Surplus Ratio  
17 time 1 formula is: (18prior) + (1) - (3)  
time 2-16 formula is: (18prior) + (16prior) - (16prior2) - (14prior) - (15prior)  
18 time 1 formula is: (18prior)+(1) - (3) - (4) - (5) - (6) - (7)  
time 2-16 formula is: (17) - (3) - (4) - (5) - (6) - (7) - (14) - (15)  
19 Average[(17) + (18)]  
20 (19) \* Investment Income Return of 3.95%  
21 (20) \* Investment Income Tax Rate of 23.4%  
22 (20) - (21)  
23 time 1 is: (16prior) + (22) + (15) time 2-16 is: (22) + (15)

**Westport Insurance Corporation**  
**Investment Income Exhibit**  
**Estimated Investment Earnings On**  
**Surplus and Unearned Premium & Loss Reserves**

The rate of return is the ratio of net investment income earned to mean cash and invested assets as determined from the base company Annual Statement.

	Net Investment Income Earned (In Thousands)	Mean Cash and Investment Assets (In Thousands)	Rate of Return	Realized Capital Gains/Losses	Unrealized Capital Gains/Losses	Realized % of Assets	Unrealized % of Assets
2006	33,594	793,809	4.2%	117	34	0.0%	0.0%
2005	31,739	866,210	3.7%	571	191	0.1%	0.0%
	65,333	1,660,019	4.0%	688	225	0.0%	0.0%

The average rate of Federal Income Tax was determined by applying current tax rates to the distribution of investment income earned. This data is from the base company Annual Statement.

	Investment Income Earned (In Thousands)	Federal Income Tax Rate	
Bonds			
Taxable	16,962	0.350	(c)
Non-Taxable	13,112	0.053	(a)
Total	30,074	0.221	(d)
Stock			
Taxable	125	0.142	(b)
Taxable Affiliates	0		
Total	125		
Mortgage Loans on Real Estate	0		
Real Estate	0		
Cash on Deposit and Short Term Investments	4,272		
All Other	372		
Sub-Total	4,644	0.350	(c)
Total	34,843	0.238	(e)
Investment Deductions	1,249	0.350	(c)
Net Investment Income Earned	33,594	0.234	(f)

- Notes:
- (a) 100% of the income on tax-exempt bonds is subject to proration; that is, 15% of the of that income taxed at a full corporate income tax rate of 35%. The applicable tax rate is  $[(1.00 \times .15 \times .35) = .0525]$ .
  - (b) 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. 100% of the remaining dividend income on stocks is subject to proration; that is, 15% of the remaining 70% of dividend income is taxed at a rate of 35%. The applicable tax rate is thus  $[(.30 \times .35) + (1.00 \times .70 \times .15 \times .35) = 0.142]$ .
  - (c) The full corporate income tax rate is 35%.
  - (d) Weighted average of the taxable and non-taxable bonds  $[(16,962 \times 0.35 + 13,112 \times 0.053)/30,074]$ .
  - (e) Weighted average of all investment incomes  $[(30,074 \times 0.221 + 125 \times 0.142 + 4,644 \times 0.35)/34,843]$ .
  - (f) Investment income tax rate:  $[(34,843 \times 0.238 - 1,249 \times 0.35)/33,594]$ .

SERFF Tracking Number: *ERCB-125907209* State: *Arkansas*  
Filing Company: *Westport Insurance Corporation* State Tracking Number: *EFT \$50*  
Company Tracking Number: *WIC-LCFSPPG-AR-08-04058-1-F*  
TOI: *17.1 Other Liability - Claims Made Only* Sub-TOI: *17.1019 Professional Errors & Omissions Liability*  
Product Name: *Professional Liability -Errors & Omissions*  
Project Name/Number: *Form Filing for Financial Sales Professionals Purchasing Group/WIC-LCFSPPG-AR-08-04058-1-F*

## Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	Amendment to Extended Reporting Period Endorsement	11/17/2008	SP 4 398 1008.pdf
No original date	Form	Amendatory Endorsement-Arkansas	11/17/2008	MF 4 420 1108.pdf

# ***Westport Insurance Corporation***

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT TO EXTENDED REPORTING PERIOD**

**Section XIV., EXTENDED REPORTING PERIOD, A.** is deleted in its entirety and replaced with the following:

**A. AUTOMATIC EXTENDED REPORTING PERIOD.**

1. If a CERTIFICATE or POLICY is terminated by either the SPONSORING ENTITY or us, for other than non-payment of premium, and if the INSURED AGENT has not obtained a replacement insurance policy, this POLICY shall continue to apply to CLAIMS and POTENTIAL CLAIMS arising out of WRONGFUL ACTS that occurred prior to the date of termination, taking place on or after the RETROACTIVE DATE, and reported to us during the 12 months following the date of termination.
2. If a CERTIFICATE is terminated by either the SPONSORING ENTITY or us for non-payment of premium, and if the agent has not obtained a replacement insurance policy, this POLICY shall continue to apply to CLAIMS and POTENTIAL CLAIMS arising out of WRONGFUL ACTS arising from the sale or servicing of products of the SPONSORING ENTITY that occurred prior to the date of termination, taking place on or after the RETROACTIVE DATE, and reported to us during the 12 months following the date of termination and the agent shall receive status as an INSURED AGENT during the Automatic Extended Reporting Period.

In the event both the CERTIFICATE and POLICY are terminated during the same POLICY PERIOD, only one Automatic Extended Reporting Period will apply beginning at the earliest date of termination and continuing for 12 months thereafter.

**Section XIV., EXTENDED REPORTING PERIOD, B.1.** is deleted in its entirety and replaced with the following:

**B. OPTIONAL EXTENDED REPORTING PERIOD.**

1. If the SPONSORING ENTITY or we elect not to renew or cancel this POLICY, or elect not to renew or terminate coverage with respect to an INSURED AGENT, or if a CERTIFICATE is cancelled by either the SPONSORING ENTITY on behalf of the INSURED AGENT or us, the INSURED AGENT may purchase an Extended Reporting Period by paying, within 60 days of the termination date, the premium per INSURED AGENT as listed in the schedule below.

In the event of POLICY non-renewal, the SPONSORING ENTITY shall have the right to pay on behalf of any INSURED AGENT whose CERTIFICATE terminates concurrently with the non-renewal of the POLICY, the premium per INSURED AGENT for a three-year Optional Extended Reporting Period, if such payment is received within 30 days of the termination date. If the SPONSORING ENTITY selects this option on behalf of the INSURED AGENT, no additional Optional Extended Reporting Period will be available to the INSURED AGENT.

Any Optional Extended Reporting Period will begin immediately following the end of the Automatic Extended Reporting Period and will cover CLAIMS first made against the INSURED and reported to us during the Extended Reporting Period arising from WRONGFUL ACTS taking place before the date of termination and on or after the RETROACTIVE DATE applicable to the expired or terminated POLICY or applicable CERTIFICATE.

SCHEDULE:

Extended Reporting Period	Premium (the percent of the annual premium on the expiring Insured Agent's Certificate)
1 year	100%
3 years	185%

Our limit of liability, any Extended Reporting Period shall be the Limit of Liability shown on the INSURED AGENT'S CERTIFICATE and will be combined with and a continuation of the last CERTIFICATE PERIOD. This option to extend the reporting period does not extend the CERTIFICATE PERIOD. The entire premium for this option shall be deemed fully earned at the commencement of the Extended Reporting Period.

All other terms and conditions of this policy shall remain unchanged.

This endorsement forms a part of the policy to which attached, effective on the inception date of the policy unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the policy.)


Endorsement Effective  
Named Insured

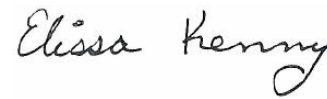
Policy No.

Countersigned.

WESTPORT INSURANCE CORPORATION

\_\_\_\_\_  
Authorized Representative

  
President

  
Secretary

# ***Westport Insurance Corporation***

## **LIFE INSURANCE AGENTS AND BROKERS PROFESSIONAL LIABILITY**

***THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.***

### **AMENDATORY ENDORSEMENT - ARKANSAS**

**Section II., DEFINITIONS,** is amended to add the following definition:

**PUNITIVE DAMAGES.** PUNITIVE DAMAGES means damages that may be imposed to punish a wrongdoer and to deter others from similar conduct.

**Section III., EXCLUSIONS,** is amended to delete Exclusion W. and replace it with the following:

**W. COMMON CONDUCT.** Any CLAIM based upon, arising out of, attributable to, directly or indirectly resulting from common conduct by the INSURED AGENTS with regard to sales or marketing directed by or supervised by the SPONSORING ENTITY.

**Section XIII., TERMINATION OF COVERAGE,** subsections A., B., C., and D. are deleted and replaced by the following:

#### **XIII. TERMINATION OF COVERAGE**

The SPONSORING ENTITY on behalf of the POLICYHOLDER may terminate this POLICY by surrender thereof to us or our authorized representatives or by mailing to us written notice stating when thereafter the cancellation may be effective.

During the first 60 days of coverage, this POLICY may be terminated by us by mailing to the SPONSORING ENTITY at the last mailing address known to us, written notice stating when not less than 60 days (10 days with regard to cancellation for nonpayment of premium) thereafter such termination shall be effective.

Other than for nonpayment of premium, insurance under this POLICY which has been in effect for sixty (60) days or more may be cancelled by us prior to the expiration of the POLICY PERIOD only for one of the following specified reasons:

1. Fraud or material misrepresentation made by the INSURED or with the INSURED'S knowledge in obtaining the POLICY, continuing the POLICY, or in presenting a CLAIM under the POLICY;
2. The occurrence of a material change in the risk which substantially increases any hazard insured against after the POLICY has been issued or renewed;
3. Non-payment of membership dues in those cases where the by-laws, agreements, or other legal instruments of the insurer issuing the POLICY require payment as a condition of the issuance and maintenance of the POLICY; or
4. A material violation of a material provision of the POLICY.

The mailing of notice to the SPONSORING ENTITY shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the POLICY PERIOD. A copy of all such notices shall be sent to the SPONSORING ENTITY or the SPONSORING ENTITY'S broker at the last mailing address known to us.

#### **NONRENEWAL**

We reserve the right to decline renewal of this POLICY but agree to notify the SPONSORING ENTITY in writing at least 60 days in advance of the expiration date of this POLICY of our intent not to renew the POLICY, including a specific explanation of the reason(s). A copy of all such notices shall be sent to the SPONSORING ENTITY or the SPONSORING ENTITY'S broker at the last mailing address known to us.



B. OPTIONAL EXTENDED REPORTING PERIOD.

1. If the SPONSORING ENTITY or we elect not to renew or cancel this POLICY, or elect not to renew or terminate coverage with respect to an INSURED AGENT, or if a CERTIFICATE is cancelled by either the SPONSORING ENTITY on behalf of the INSURED AGENT or us, the INSURED AGENT may purchase an Extended Reporting Period by paying, within 60 days of the termination date, the premium per INSURED AGENT as listed in the schedule below.

In the event of POLICY non-renewal, the SPONSORING ENTITY shall have the right to pay on behalf of any INSURED AGENT whose CERTIFICATE terminates concurrently with the non-renewal of the POLICY, the premium per INSURED AGENT for a three-year Optional Extended Reporting Period, if such payment is received within 30 days of the termination date. If the SPONSORING ENTITY selects this option on behalf of the INSURED AGENT, no additional Optional Extended Reporting Period will be available to the INSURED AGENT.

Any Optional Extended Reporting Period will begin immediately following the end of the Automatic Extended Reporting Period and will cover CLAIMS first made against the INSURED and reported to us during the Extended Reporting Period arising from WRONGFUL ACTS taking place before the date of termination and on or after the RETROACTIVE DATE applicable to the expired or terminated POLICY or applicable CERTIFICATE.

SCHEDULE:

Extended Reporting Period	Premium (the percent of the annual premium on the expiring Insured Agent's Certificate)
1 year	100%
3 years	185%

Our Limit of Liability for any Extended Reporting Period shall be the Limit of Liability shown on the Insured Agent's Certificate and will be combined with and a continuation of the last CERTIFICATE PERIOD. This option to extend the reporting period does not extend the CERTIFICATE PERIOD. The entire premium for this option shall be deemed fully earned at the commencement of the Extended Reporting Period.

2. The INSURED AGENT shall only have the right to any Optional Extended Reporting Period, if on termination of coverage, the INSURED AGENT'S license has not been suspended or revoked or the INSURED AGENT has not been prohibited by law to provide PROFESSIONAL SERVICES as defined in Section II, DEFINITIONS of this POLICY.

The following provision is added to this POLICY:

**XXIV. BANKRUPTCY OR INSOLVENCY**

It is agreed that the bankruptcy or insolvency of an INSURED or of an INSURED'S estate shall not relieve us of any of our obligation hereunder.

All other terms and conditions of this POLICY shall remain unchanged.

This endorsement forms a part of the POLICY to which attached, effective on the inception date of the POLICY unless otherwise stated herein.

(The information below is required only when this endorsement is issued subsequent to the preparation of the POLICY.)

Endorsement Effective  
Named Insured

Policy No.

WESTPORT INSURANCE CORPORATION

Countersigned.

*Facsimile signature to be  
inserted*

*Facsimile signature to be  
inserted*

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Authorized Representative

President

Secretary